



EXHIBIT A

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

(Attorney Docket No. 10527US15)

IN THE APPLICATION OF:)
JOHN R. MARTIN and)
MICHAEL L. TILLERY)
SERIAL NO.: 09/502,875)
FILED: February 11, 2000)
FOR: COMPUTER JUKEBOX AND)
COMPUTER JUKEBOX)
MANAGEMENT SYSTEM)
EXAMINER: CALVIN LOYD HEWITT II)
GROUP ART UNIT: 2161)

**PETITION TO EXPUNGE PROPRIETARY INFORMATION
(IF FOUND NOT MATERIAL TO PATENTABILITY)
PURSUANT TO 37 C.F.R. 1.182 AND M.P.E.P. 724.05**

BOX NO FEE AMENDMENT
Assistant Commissioner of Patents
Washington, D.C. 20231

Dear Sir:

This Petition accompanied the submission of proprietary materials submitted under seal in the above identified application, pursuant to M.P.E.P. 724.02. Should the Examiner determine that the materials are not material to patentability, please expunge them from the file. The materials submitted under seal are the following:

Exhibit No.	Document	Examiner Initials Indicating Immateriality
C18	Production Aspects (Dated May, 4, 1989).	
C19	Business Program "A" What Business Are We In (Dated May 4, 1989).	
C20	audiocomp Press Resease, February, 1991, "Computer Based Jukebox".	
C21	General Agreement Between SDS Companys (Sean D. Sheedy) and Sound Leisure Lmtd. (A.J. Black) Dated this 20 th day of 1988.	
C22	Letter From Micahel A. Krebsen and Micahel Spieles, Solid Equity Management Company To Michael Leonard Dated August 19, 1988.	
C23	Business Proposal For Digital Sound SystemsPrepared By Micsean, Inc.	
C24	Classified Information, Dated April 19, 1988, Property of SDS Companies.	
C26	Micsean, Inc. / Sound Leisure – Joint Venture Agreement (Dated July 23, 1988).	
C27	Agreement To Incorporate (Dated June 18, 1988).	
C28	Sound Leisure Limited and Associated Leisure Hire Limited Agreement for the Sale and Purchase of Part of the Share Capital in Sound Leisure Limited, Disclosure Letter (Dated August 9, 1988).	
C29	Memorandum of Understanding, Report By Mike Lopez.	

C32	Letter From Robert G. Weed, P.C. To Mike Leonard Dated December 12, 1989 and Letter From Ralph Mabie, Jr. To Robert G. Weed, Esquire, Dated November 7, 1989, Re: Sound Leisure.	
C34	Meeting Agenda, mike Kelogee – Milgray Electronics, Tuesday, February 28, 1989.	
C35	Business Proposal For Digital Broadcast Systems, 330 Mulzer Avenue, Adrian, Michigan, 49221.	
C36	Deposition of Sean D. Sheedy, West Palm Beach, Florida, September 24 th , 1999.	

Each of the above items was provided to applicant during discovery in the case of Arachnid, Inc. v. Touchtunes Digital Jukebox, Inc., et al., case no. 98 C 3765 (N. D. Ill.). Each item was indicated by the supplier of the item to be proprietary and confidential. Each item was subject to a Protective Order entered by the Court. The information has not otherwise been made public by applicant, or by anyone else to the best of applicant's knowledge. The Examiner's initials above indicate that the materials have been found to be not material to patentability.

Pursuant to M.P.E.P. 724.05(4), applicant commits to retain such information for the period of any patent with regard to which the information is being submitted.

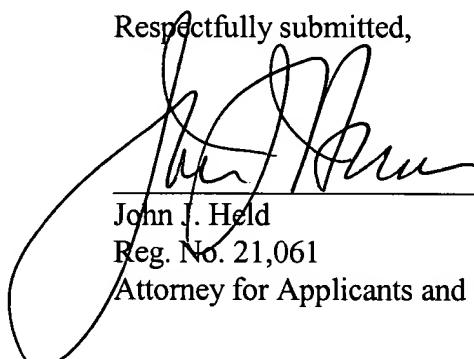
Pursuant to M.P.E.P. 724.05(5), applicant states that it is the party in interest who originally submitted the proprietary information in the application.

Conclusion

Pursuant to M.P.E.P. 724.05 and 37 C.F.R. 1.182, applicant requests that the above identified materials, indicated to be not material to patentability, be expunged from the record.

Please charge any additional fees or credit any overpayment that may be incurred by the applicant to Deposit Account No. 13-0017 (McAndrews, Held & Malloy, Ltd.).

Respectfully submitted,


John J. Held
Reg. No. 21,061
Attorney for Applicants and Arachnid, Inc.

Date: May 25, 2001

McAndrews, Held & Malloy, Ltd.
500 West Madison Street, 34th Floor
Chicago, Illinois 60661
Telephone: (312) 775-8000

MAY 4, 1989

PRODUCTION ASPECTS

The company intends to manufacture the basic jukebox which can be adapted to the other utilizations at Coin-Op Specialists in the initial stages. An option has been to open up facilities at the new facility in Adrian, in September of 1989, when the production is anticipated.

The basis cost of the configuration are as set forth below:

1. Hard Disk	1,795
2. Motherboard	750
3. Power Supply	90
4. Cabinet	1,000
5. Coin Mech.	400
6. I/O board	79
7. EGA Monitor	400
8. EGA Card	279
9. Amplifier	360
10. Speakers	100
11. SCSI Card	80
12. Key Pad	20
13. DSP board	<u>1,000</u>
	6,353

The system will be utilized in the development of the system will be a compression produced by Dr. Anderson and Neuhauff,

LEONARD

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from Ann Arbor. Additional software will be utilized for logging in play developed by Computer Concepts of Ann Arbor.

It is anticipated that the company will make arrangements with the Dale Computer Corporation of Lansing, for the computer hardware as well as to cost out the same information from Dalauco Spry, and Burr Brown. Utilization will also be made of the Miniscribe/CDC/PRHM, presently in existence. Furthermore, the company will enter into contracts with Data Technology and Milgray Electronics for additional boards.

The company will also obtain intercomponents from Ardac Corporation, American Acoustics Corporation, Sound Craftsman, MSM Cabinet Company, Wells Gardner, Coin Company, WICO Corporation.

At the present time negotiations are taking place with respect to discounts on all supplies based upon the numbers to be ordered. It is anticipated that prices quoted today will be reduced with increased quantity.

Consideration is being given in the negotiations with these companies as to whether or not an equity position or loan might be available to help finance the construction of the initial units.

It is intentioned to supply to its customers "carry through" warranties on all parts, plus the companies own warranty on

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software and hardware. The company is also in the process of completing final negotiation with respect to the design of the project, keeping in mind the potential of selling the design considerations to various advertisers and manufactures. It is difficult for the company to access the level of competition in developing this technology since it is new technology. Attached in the various appendix's will be report from the Security Exchange Commission about the research and development and the manufacturing cost of the major competitors who have developed 45 r.p.m. jukeboxes as well as CD jukeboxes. Also attached in the appendix is a schematic of the internal design of the system.

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MAY 4, 1989

BUSINESS PROGRAM "A"
WHAT BUSINESS ARE WE IN

The company business is to profitably use its computerized system to digitize music to be used in the digital jukebox. The company will produce, manufacture and distribute the jukeboxes to operators on a world wide basis first concentrating upon the US market.

The objectives of the company will require that it systems will do as follows:

- A. Magnetic storage of ONLY HITS -
no records, tapes, CDs.
- B. Easy machine song updates by operators
through portable hard floppy disk with
development of modem utilization in the future.
- C. Complete inventory of: Songs played, basic
popularity, income and bookkeeping reports for
the cash box which creates a new technology.
- D. Fabulous Sound/Powerful Amp.
- E. Machine with various options, which create
an entertainment center for the operator and
the location owner:
 - 1. Speakers

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2. Wireless Mic for DJ Announcer
3. Video Display
4. Custom Advertising
5. Public Service Announcements or
paid announcements (location could profit
by selling announcements)
6. Video Camera with a large screen.

The utilization of the system will expand the jukebox from merely a device to play songs to a true entertainment center. The system can be developed to provide music background for solo singers (Kareoke System) as well as a "Mr. Entertainer" program with a wireless mic. Other utilizations of the system in the restaurant setting would be for background and foreground music. It would not be difficult to attach a video camera with large screen and to develop a stage an lighting system which would allow the patron of a establishment to truly enjoy themselves.

One of the most important aspects of the utilization of the jukebox as an entertainment center would be the operator and the location owner would have new marketing tools at their fingertips from designing the machine to capitalize on the popularity of various products, to portraying their products on the video monitor on the machine. Such a machine will give an operator access to local areas chain restaurants through various national marketing campaigns, which can be geared to the needs of each individual advertiser and location manager. Furthermore, as

discussed previously, cooperatives can be established in a regionalized basis for various sections of the country.

As an off shoot of the companies activities it will create a digitized music library pursuant to agreements reached between ASCAP and BMI to license mechanical reproduction rights to digitize music presently recorded to be stored in a digital library. Research and development will be owned by MBM Ltd., a holding company which has entered into various agreements with Dr. Anderson and Dr. Neuhauff, for the research and development in licensing of the process.

MBM, Ltd, will license its rights to the digital broadcasting system, so the same can be utilized in the jukebox market. Digital Jukebox systems will manufacture and distribute the system to operators and will enter into an agreement with MBM, Ltd. for the licensing rights for the jukebox application. MBM Ltd., will also license the rights to the music library.

MBM, Ltd. shall also enter into licensing agreements with other subsidiary companies for the following projects:

1. Record Company.
2. Recording Studio.

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3. DJ Systems

4. Performing Rights organization

5. Background Music Company.

The digital Jukebox company will assembly, manufacture, ship, the hardware, software and the systems to the operator as well as develop a training program.

MBM, Ltd. holding company will provide licenses to the companies as needed.

MBM, Ltd., shall also enter into a joint venture with Sound Leisure/Atom Computer Company of The United Kingdom to share the research and development and utilizations of the concept in a world wide market.

MBM, Ltd. , will retain ownership rights in the creative concept system with licensed rights to the various applications of this system for investors. Investors will be sought from the operators themselves so that they might have a stake in their industry with the ability to control their own destiny. Cooperatives will be established in a regionalized basis to assist in the distribution of the same, applying a reasonable portion of the profits to those regionalized centers, to create in effect buying groups within that area for the larger operators.

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Discounts can be given for membership and participation in that group and they will be given an advisory seat as part of a consult to reflect the changing needs of the operator.

Investors in the company will own shares in the digital jukebox company as well as the library on a cooperative basis. Investors capital will be vested in each of the companies and MBM Ltd., shall own 50% of each companies investment.

MBM, Ltd., would also license to a performing artist association the system to report on a play for pay basis to the members of the performing artist association, royalties for their play. Such a group could be formed by the company or established in conjunction with the Harry Fox Agency, ASCAP, and BMI. The Performing Arts Association will send the demographic information and royalties to the appropriate artist.

Furthermore, the artist can develop a strong marketing analysis to assist the artist in marketing their recordings in conjunction with the record company and performing rights associations. Furthermore, the demographic information obtained as a result of this system can be licensed to a new record company which utilizes a co-op concept to compete with existing record companies. Song can be instantly in the "pipe line" via fiber optics or other distribution techniques developed by digital broadcasting systems. The artist will have access to immediate marketing results without the necessary delays from

pressing time to distribution of the song because all songs will be recorded digitally and distributed digitally. Another marketing technique to allow a new record company to distribute new artist with "free play" and then determine the number of artist who choose to pay to hear the new songs. This new record company will have the opportunity to develop new standards in ethics and industry with regard to "pay to play" which can be utilized to recruit new artist.

The Disk Jockey service business. The company would franchise to local individuals a territory which would allow them to use a system to play Weddings and other gatherings. The system would be utilized to "boot up" songs which would be carried into with a portable unit with small speakers controlled by the computers.

MBM, Ltd. has the holding company rights will perform the following functions:

1. Supervise the budgets to corporations and will be the parent corporation for the exploitation of rights.
2. Maintain control flow of the money and direction of technology.
3. Establish a think tank to develop new products and research.

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4. Be in control of the capital investment for the system.

5. Encourage and develop spin off business as outlined above in the following categories:

A. Library.

B. Jukebox company

C. Disk Jockey Company

D. Digital audio record company

E. Library and distribution center

F. R & D Center.

The library itself will also be formed by the MBM, Ltd. holding company. The Library will be owned 50% by the MBM, Ltd. and 50% by investors. The library will include the following duties:

1. Compression of music.

2. Storage of Music on worm or floppy disk.

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3. Distribution of music to operators.
4. Producer reports of all music digitized copied and distributed.
5. Distribute music on hard disk, floppy or modem, or cable TV.
6. Charge a service fee for music and general income as outlined pursuant to the plan of Mike Leonard.
7. Provide digital training to operators.
8. Provide additional hardware and software test.
9. Distribute parts to techniques.
10. Manufacturers DJ systems.
11. Order all hardware for total operation.
12. Manufacturer own circuit boards for DSP utilizations.
13. Manufacturer circuit boards for the process.

The digital jukebox company will create a manufacturing plant to make cabinets, terminal computers, install speakers,

coin mechanisms, dollar bill changers, and all hardware required
as well as initiate hand hard disk installation for software.

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(20)



330 MULZER STREET, ADRIAN MICHIGAN, 49221
1-800-678-1023 ** FAX 1-517-263-6229

Computer Based Jukebox

AUDIOCOMP, an Adrian, Michigan based electronics company, announces a new concept in jukeboxes -- a completely computer-based system. Audio selections are stored digitally in a computer disk drive and played through a microprocessor connected directly to the stereo amplifier. The playlist is attractively displayed on a color video screen which can be programmed to display album covers or to provide in-house advertising.

Mike Leonard, owner and operator of Coin-Op Vending located in Adrian, Michigan, is the founder of **AUDIOCOMP** and the conceptual developer of this new computer based jukebox. Mike was inspired by the introduction of the compact disc jukebox more than 3 years ago to develop a system which was lower-in-cost, easily maintained and would be more fun to operate. He surrounded himself with top computer and electronics experts from the University of Michigan and engineering professionals form the Ann Arbor area. With Mike's guidance and conceptual development, they have created a new proprietary audio compression system. In this era of high-tech, it should-be-pointed-out that their development has been awarded a U.S. Patent Pending.

This advancement in compression technology lends itself to a number of potential applications which include, music distribution via satellite or terrestrial links, computerized radio workstations, digital radio transmission, home and auto entertainment systems, portable disk jockey systems, background and foreground music, and more. **AUDIOCOMP** is currently seeking investors and manufacturers who want to work with their technology.

For more information call 1-800-678-1023.

press03.sam

Bank Giro Credit		Date _____
Code No.	30-96-18	
Bank Branch	LLOYDS BANK NOTTINGHAM	
Account in the name of	S. D. SHEEDY	
Account Number	71178865	Number of Cheques
Fee	Paid in by / Ref:	
PLEASE DO NOT WRITE OR MARK BELOW THIS LINE		

£.
£.
£.
£.
£.
50p
20p
Silver
Bronze
Total
Cash
Cheques
P.O's etc.
(see over)

£ 3,000.00

(21)

30-96-18: ??

GENERAL AGREEMENT

Dated this 20th day of 1988, by and between SDS Companys
(Sean D. Sheedy) and Sound Leisure Lmtd. (A. J. Black).

1. This agreement is for European and United States EXCLUSIVE RIGHTS to the digital technology known and designed for the JUKE BOX industry. *See get Black*
2. The production and marketing of units/technology will be delivered to Sound Leisure Lmtd (Black) upon final agreement to be submitted by Black at a time he so desires to conclude same.
3. The total price to obtain engineering and distribution rights as described herein is \$ 25,000.00 US.
4. SDS will supply the digital cards to Black (w/control software) for an agreed price if Black does not desire to make same in its facilities. If Black desires to make same in his facilities, a fee will be agreed upon for each unit unto SDS. *#20*
5. Black will have first right of refusal for any technology directed to the European broadcast industry.
6. If Black establishes a digital library in Europe, SDS agrees to license rights therein from Black for its supply to the European market for its customers.
7. Black will pay \$ 5,000.00 to SDS upon acceptance of this agreement, and will follow with \$ 7,500.00 with final contract and acceptance of the project by both parties. The balance will follow the actual ready for production system.
8. Any changes or other agreements to this agreement will be by writing to both parties and upon agreement therein.
9. REFUND. If it is determined that the product can not be delivered to market for whatever reason that deposit delivered will be refunded.
10. Travel and housing/food expenses will be borne by Black at his request for the assistance of SDS outside of the West Palm Beach area.

Agreed by:

S. D. Sheedy SDS

BLA 000002

C21

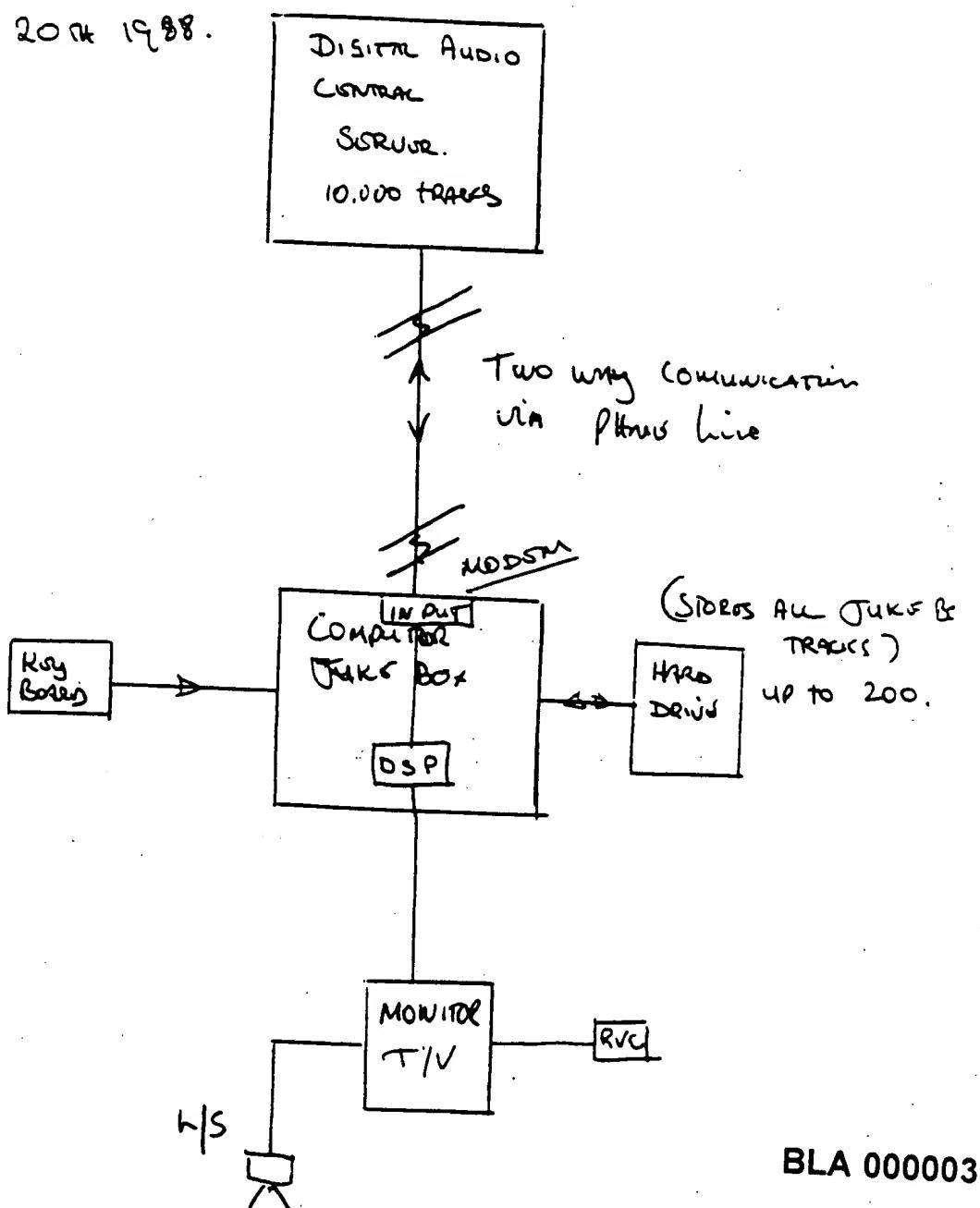
is not used

Proposed digital juke box system

Fig 2

Agreed AGM
Sgt Skeely Allard

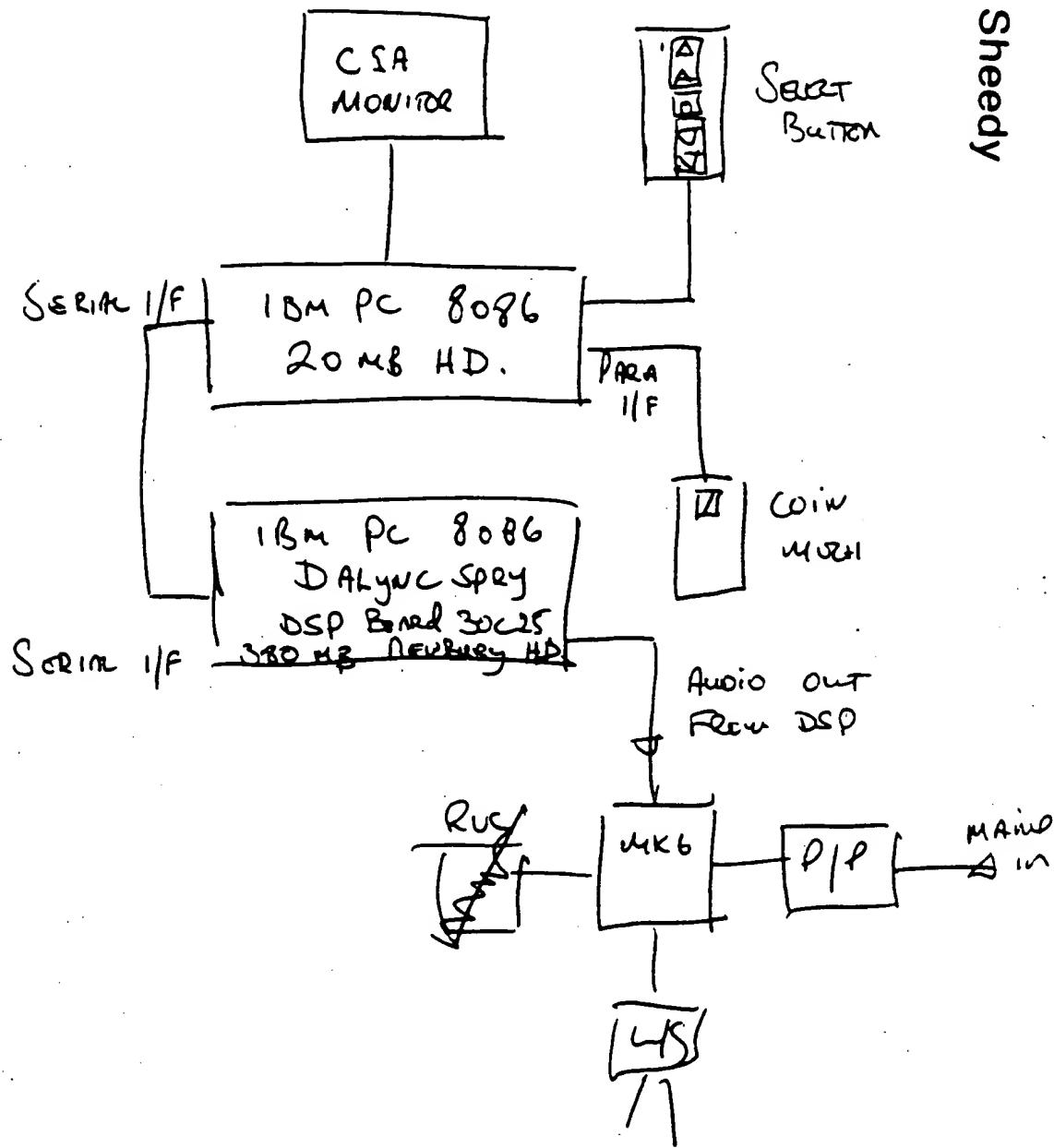
Dates 20th 1988.



Compressed digital audio transmitted via
line to computer jukebox. Hard disk
holds all tracks and little information
for display onto monitor.

20 - 88 -

Sean David Sheedy



BLA 000004

Box 6125 • West Palm Beach, Florida 33405-6125 • (305) 659-5347

Gold Equity Management Company

(22)



GEMCO

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August 19, 1988

Mr. Michael Leonard
330 Mulzer Street
Adrian, MI 49221

Dear Mr. Leonard:

We have not signed a permanent agreement at this time, as per our preliminary agreement. Since our meeting initially with you and subsequent other meetings, it is quite clear your initial projections to us as to where you were and the cost of the radio system and music box is all blue sky on your part. Your projection of being in the market place within 30-45 days is certainly ludicrous.

For our group to fund \$300,000 so you can hire someone from the University of Michigan to develop the juke box system and then give you 25% is certainly a good arrangement for you. We however, think that we will decline your very generous offer.

Mr. Leonard, it was you who made all the arrangements with Sean and came to the "Boys" to present the deal in the first place. Your last conversation with Sean was very compatible, but your attorney's letter states just the opposite. You state very clearly you want nothing to do with Sean. Your comment as to our ability to fund is also correct. We have no funds available to lightweights who do not have any concept as to what they are all about. It is also our recollection that Mr. Sheedy brought everything to the table in the first place.

SCH 000676

Security From The Earth

4125 S.W. Martin Highway • Palm City, Florida 34990 • (407) 288-4224 FAX (407) 288-4228

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Mr. Michael Leonard
August 19, 1988
Page Two

In closing, please return our \$15,000 as per the agreement
and we will all go our own way as we have no further interest in
any association.

Sincerely,

Michael A. Krebsen
Michael A. Krebsen

Michael Spieles
Michael Spieles

MAK/laf
cc: Sean Sheedy

SCH 000677

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DIGITAL
JUKE BOX

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BUSINESS PROPOSAL
FOR
DIGITAL SOUND SYSTEMS
330 MULZER STREET
ADRIAN, MI 49221
(517) 263-6010
PALM CITY, FLORIDA

MICSEAN, INC.

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This plan will be an operating, policy and financial guide for DIGITAL SOUND SYSTEMS.

STATEMENT OF PURPOSE

DIGITAL SOUND SYSTEMS seeks loans totaling \$300,000 to:

- (1) Setup a manufacturing facility in Adrain, Michigan to manufacture digital production centers and assemble finished product for distribution.
- (2) Setup a research and development center in Palm City, Florida to produce software and new hardware for logical additions to this system.

We require a building, working capital for all aspects of the business and sufficient cash reserves so we operate and market this profitable and revolutionary product.

LEO 000604

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MICSEAN PROPOSAL

**SECTION I
DESCRIPTION/OBJECTIVE**

MICSEAN, INC. is a start up business that will establish a manufacturing plant to assemble computer parts into a jukebox format (parts for which will be sub-contracted). The business is based on the concepts developed by Sean Sheedy of West Palm Beach, Florida. The company will assemble, package, market, deliver and provide a digitized music service for customers. This concept will revolutionize the jukebox industry.

Our computerized system has technological advantages over other jukeboxes because it eliminates the cost of records and provides better selectivity and quality. The system provides for the conversion of analog recordings to digital recordings which can be stored in any computer medium. This system also offers accurate and total bookkeeping systems.

**SECTION II
MARKETING INFORMATION**

The potential market is 14,285 jukeboxes per year. We anticipate capturing 10% of the market the first year. Costs for the operator would be cut due to no longer needing to purchase records. Operator would also have a greater variety of music. An additional long term income would be generated by the service of supplying the music via a main library.

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MICSEAN PROPOSAL

**SECTION III
ESTIMATED PROFITS**

The table below describes the estimated earnings and profits for the next three years with \$300,000 as start up capital. DIGITAL SOUND SYSTEMS will lease each system to an operator for the average price of \$3,200 per unit, based on our cost of \$1,600.

YEAR ONE WITH 5% OF MKT		YEAR TWO WITH 15% OF MKT		YEAR THREE WITH 25% OF MKT	
UNITS	\$	UNITS	\$	UNITS	\$
14281	4,500,000	71431	22,400,000	85711	26,848,000
COST	2,250,000		11,200,000		13,424,000
PROFIT	\$2,250,000	PROFIT \$11,200,000	PROFIT \$13,424,000		

**SECTION IV
PRODUCT/SERVICE**

The product is a digital/audio computer system in jukebox format of for play. This system completely eliminates the use or dependency upon any form of tape, records, or compact discs. The unit will operate on a single pc (xt or at). The software supports multi users and will produce a complete log.

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MICSEAN PROPOSAL

**SECTION V
MARKETING STRATEGY**

Our targeted market would be all coin machine music operators.

With some modification this system could be:

1. Set up to be a phone answering service for large corporations with digitized music and advertisements.
2. A home recording and playback system comparable with Digital Audio Tape or Compact Disc.
3. Developed into a state of the art recording studio.
4. A background music system.

Our product would be desirable because of the price, flexibility and sound quality. Our customers will be offered a product that gives them more for their investment dollar. We anticipate capturing ten percent of the market within a twelve month period and as the market grows our percentage would increase dramatically. The attractive thing about using a PC based digitizing system is that the system can be routinely updated. Existing software packages provide a method for reporting airplay to licensing agencies. Additional updates will include the digital transfer of digitized files over standard telephone lines.

The marketing of this digital production equipment will be as follows:

1. Trade Shows
2. Establish a distribution network
3. Employ established manufacturing representatives.
4. Utilize federal and state sources of business listings and international marketing strategies.

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MICSEAN PROPOSAL

**SECTION VI
LOCATION OF BUSINESS**

The manufacturing facility may be located in Michigan due to business incentives initiated by the State of Michigan. Another economical advantage will be realized by having the same proposed manufacturing facility for broadcast equipment that make use of the same hardware.

Research, Development, and Marketing will be located in Palm City, Florida.

**SECTION VII
COMPETITION**

When we entered into this business plan June 1, 1988 we understood from Sean Sheedy that no other industry is developing a system like this. At present, we now know that companies are working on digitizing music and have developed management software. We feel that we will have an edge on any competitors because of our early entry into the market place. We will have a competitive advantage in quality and product service.

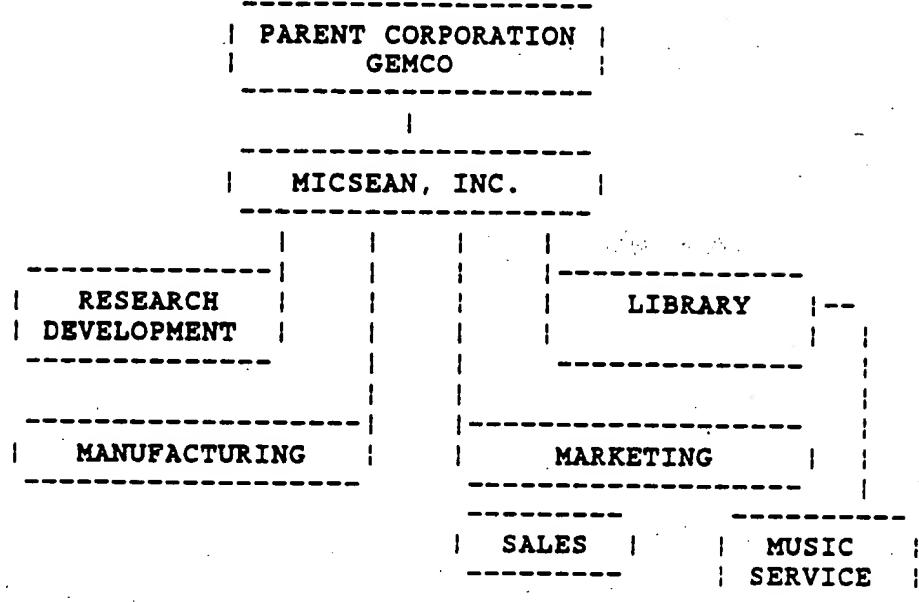
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**SECTION VIII
MANAGEMENT/OPERATIONS**

1. Organizational Chart:



2. Personnel:

Our qualifications to own and operate this business are highly professional as outline below:

Sean Sheedy:

Consultant for BellSouth, Southern Bell, AT&T, Motorola, NEC, and has specialized in the deployment of phone to radar interfaces, dail-up paging systems and satellite link services.

Mike Leonard:

Mike has a 25 year career in the coin operated industry, serving as a board member and officer for state and national associations. He has successfully started six separate businesses from retail to manufacturing. Mike also serves on the Legislative Affairs Committee with the local Chamber of Commerce.

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MICSEAN PROPOSAL

Mike Lorenz:

Mike owns and operates a 16 track recording studio that makes use of the latest in technology. He is also an Assistant Professor of Music at Siena Heights College. He teaches courses in music copyright, synthesis, and music technology. He also holds a Masters Degree in Music Composition from Michigan State University.

Koby Marowelli:

Koby has experience in manufacturing, production and installation of agricultural and small business computers. His experience also includes inventory control, purchasing, cost accounting, and product development.

**SECTION IX
JOB RESPONSIBILITIES**

1. Research & Development	Sean Sheedy Mike Lorenz
2. General Management	Mike Leonard
3. Manufacturing SubAssembly	Mike Leonard Koby Marowelli
4. Sales	
5. Marketing	Willie Freadea Mike Lorenz
6. Administration	Mike Leonard
7. Purchasing	Koby Marowelli

LEO 000611

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MICSEAN PROPOSAL

**SECTION X
RESOURCES**

1. Accountant
2. Lawyer MICSEAN, INC.
(Bob Weed)
3. Banker Trustcorp
4. Local Chamber of Commerce
5. Business and Trade Organization:
 - a. National Association of Broadcasting
 - b. Radio & Records
6. Small Business Administration/ACE/SCORE
7. Colleges
8. Federal, State and Local Agencies

**SECTION XI
SALARIES**

The start up of this business will require:

POSITION TITLE	EMPLOYEES	SALARY RANGE
MANAGEMENT	ONE	30,000 PLUS PERCENT
MANUFACTURING ASSEMBLY	TWO	16,000 EACH
MARKETING	ONE	25,000 PLUS PERCENT
SALES	FOUR	COMMISSION
PROGRAMMER	AS NEEDED	SUB CONTRACTED
SPECIAL ASSEMBLY	AS NEEDED	SUB CONTRACTED
SECRETARY	ONE	HOURLY \$5 TO 8

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MIICSEAN PROPOSAL

**SECTION XII
FACILITIES**

- o A manufacturing facility with 4,000 sq feet
- o Office space for three offices
- o Secretary station with computers, word processor furniture, and laser printer
- o Test Equipment
- o Audio room for sampling
- o Storage areas
- o Fax machine, scanner, software

**SECTION XIII
PRODUCTION TO INCLUDE**

- o Assembly of preassembled parts
- o Packaging of hardware and software
- o Testing
- o Shipping

**SECTION XIV
SUMMARY**

Nothing has ever been available to the industry as revolutionary as this product. Reduction of operating expenses combined with reduced dependence on technical support makes this product a leader in a new era in the music industry. The product makes available reasonable costs of production and distribution and high profits. Due to its unique design it will remain on top of the technological revolution of today.

LEO 000613

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MICSEAN PROPOSAL

**SECTION XV
PLANNED SCHEDULE**

1. Define Administrative Duties
2. Hire Personnel
 - a. Operations Manager
 - b. Marketing/Sales Manager
 - c. Manufacturing Manager
 - d. Secretary
3. Setup bookeeping and accounting systems
4. Aquire suppliers for sub assembly parts
5. Consult with Legal Counsel for Music licensing agreements
6. Seek information on qualifying for state funds and research available to new business in Michigan
7. Continue design work on prototype
8. Define marketing strategy and distribution network
9. Reserve booth for AMOA Show in chicago
10. Finalize Agreements with England fore joint venture

LEO 000614

CONFIDENTIAL

MICSEAN PROPOSAL

**SECTION XIV
SUMMARY**

Nothing has ever been available to the industry as revolutionary as this product. Reduction of operating expenses combined with reduced dependance on technical support makes this product a leader in a new era of broadcasting. The product makes available reasonable costs of production and distribution and high profits. Due to its unique design it will remain on top of the technological revolution of today.

This project needs to have a finely developed focus on the product and a systematic method for bringing this product to market. We would suggest that the following areas be thoroughly organized and implemented as soon as possible:

1. Clearly define a marketing strategy
2. Establish a distribution network
3. reserve display areas at trade shows
4. Obtain exclusive contracts for computer supplies
5. Get commitments from circuit board manufacturers
6. Initial software must be ready for trade show and marketing staff
7. Hire personnel:
 1. Operations manager
 2. Marketing /sales manager
 3. Manufacturing manager
 4. Secretary
8. Set up bookkeeping and accounting system
9. Establish music licensing agreements

LEO 000602

24

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**CLASSIFIED
INFORMATION**

APR 19 1988

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PROPERTY OF: SDS COMPANIES**

SHE 000021

C24

DAP Digital Audio Playback

CONFIDENTIAL

- No records
- No tapes
- No Compact Disks
- No record changer
- No paper labels needed
- No wasted play slots
- Remote programmable
- Full color video display
- Unlimited title selections

COPYRIGHT
PATENT APPLIED FOR
By
SDS BROADCASTING SERVICES CORP

SHE 000022

VIDEO CAPABILITIES

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All play selections displayed
on screen, no paper labels
All service functions read out
on screen during service
Full Ntsc video capable
Album jackets and artists,
photo can be displayed
Display advertising for liquor
and soft drink promos
General advertising space
Record company promo space

and much more, limited by your desire to generate additional money

NOTE The video output can drive unlimited
number of monitors external to the
main unit so the display can be placed
in additional locations at the site.

SHE 000023

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OF
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SHE 000024

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1. Press Releases
2. Juke Box Response
3. Technical Information
4. General Business Plan
5. Brief Background Information
6. References

SHE 000025

CONFIDENTIAL

SHE 000026

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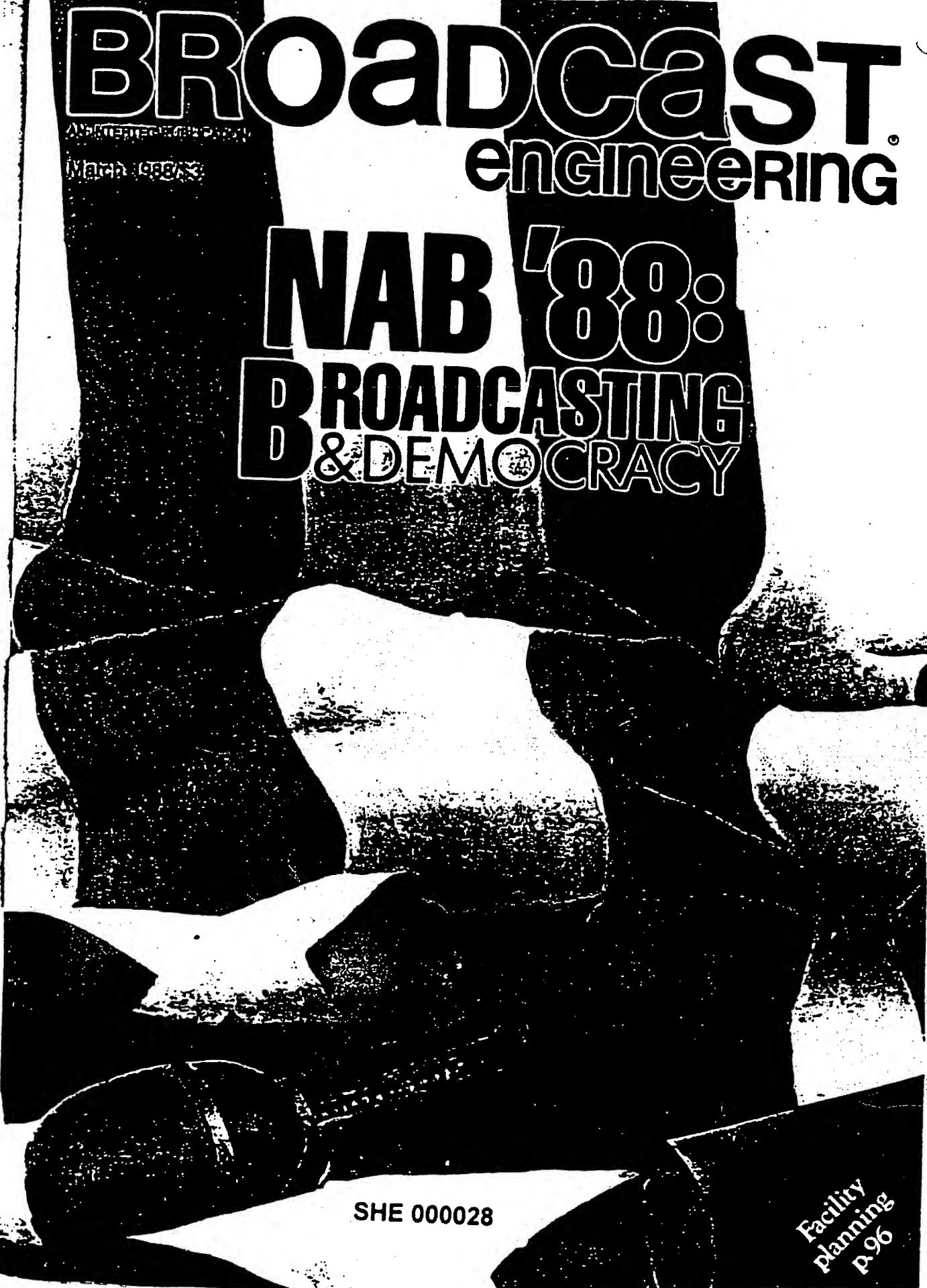
PRESS RELEASES

SHE 000027

BROADCAST engineering

March 1988 \$3

NAB '88: BROADCASTING & DEMOCRACY



SHE 000028

Facility
planning
P.96

New products

Digital audio broadcast system

SDS Broadcast Services will begin delivery of its Digital Audio Broadcast System by the end of the first quarter of 1988. The system eliminates the use of any form of tape, records, CDs or reel-to-reel facilities. The system will record/playback any analog signal fed to it and has a performance level of 5Hz to 25kHz. The unit operates on a single PC (XT or AT) and can be connected for full networking configuration. The software supports multi-users and will produce a complete log. The system allows the user to locate any song or commercial in the system and play to air in no more than 28ms. The digital audio system will support from one to 12 channels at one unit. Some features include infinite playback; automatic log control; and balanced or unbalanced outputs. The system can be loaded for total automation, and it eliminates records, tapes, recorders, cart machines/systems and CDs.

Circle (450) on Reply Card

Earth station receiver



R.L. Drake Company has introduced the ESR2240, a receiver that mounts in a standard 19-inch rack panel. Features include block downconversion with Drake's BDC-24 weatherproof block downconverter or LNB, dual signal inputs with automatic or manual polarity changeover for dual-feed installations, and a 950MHz to 1,450MHz loop-through output that allows stacking of multiple receivers per polarity without splitters.

Circle (451) on Reply Card

Magnetic tape splicing block

Editall has introduced the EC series of precision blocks, which handle and splice thin, fragile tape as used in various digital formats. The blocks' design prevents lifting and shifting of thin tape due to static attraction. The series includes the ECD-5 ½-inch digital, ECD-1 1-inch digital, ECA-1 1-inch analog, and ECA-2 2-inch analog.



Circle (452) on Reply Card

SHE 000029

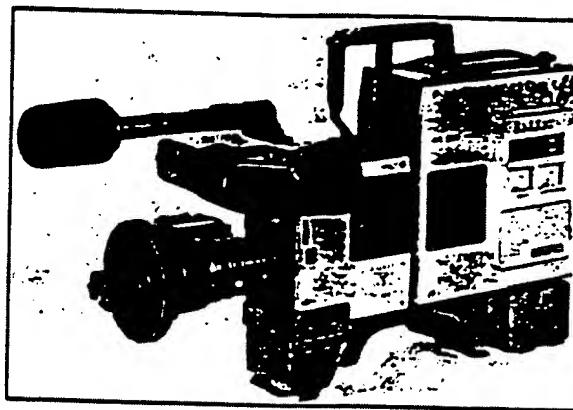
Mixing desk

Harrison Systems has introduced the PRO-790 general production mixing desk. Features include three mainframe sizes ranging from 12 to 28 inputs, two main stereo outputs, two separately derived main mono outputs, two auxiliary sends with level trims, PFL solo cuing, and Penny & Giles 3000-series 104mm linear faders.

Circle (453) on Reply Card

3-CCD video cameras

JVC Professional Products has introduced the KY-15U video camera, tailored for S-VHS and M-II environments, which can be used alone or in a camcorder configuration. It uses ½-inch CCDs that provide 360,000 pixels, and a f/1.4 prism-optical system. S/N is 58dB, and resolution is 500 lines in R, G, B and Y channels.



Circle (454) on Reply Card

Component digital and test signals

Magni Systems has announced the following products:

- The option for component digital (D-1) output for the 150i series test signal generators. The option (-04) provides by front panel selection four 4:2:2 component digital signals to SMPTE RP125-1987/CCIR D-601 standards—75% color bars, a 5MHz line sweep with 2T pulse and bar; a split field of luminance and color-difference with valid ramps and 100% color bars; and a dual-timing pulses and Bow-Tie combination. The option also provides a default output of 75% color bars via a back panel connector when any standard signal selection is made from the front panel, allowing an NTSC or component signal to be used simultaneously.
- SECAM test signal files are completely mathematical in nature. This ensures no distortion; that frequency modulation is perfectly linear, with no random AM or noise; and that the pre-emphasis and clipping are analytically correct.

Circle (455) on Reply Card

Capacitor/parts tester

The instrumentation products division of *Beckman Industries* has introduced the CAPT6 compact, multifunction hand-held meter that features a 3½-digit LCD display, a rotary range selector dial, 0.5% accuracy, and more than 200 hours of battery life using alkalines. Field-service technicians can test capacitance, resistance, diodes and LED, and batteries under load conditions.

Circle (456) on Reply Card

S-VHS time base corrector

Nova Systems has introduced the 700S TBC, which processes the S-VHS format. It features a 32-line memory, heterodyne picture processing, 8-bit, 4x subcarrier sampling, and RS-170 output with digitally generated SCH.

Circle (457) on Reply Card

Headphone distribution amp

Stewart Electronics has introduced a 4-channel headphone distribution amplifier, the HDA-4. Each of the four outputs delivers up to 1W of output power, regardless of the impedance.

NEWS RELEASE

EFFECTIVE DATE JANUARY 30, 1988

DIGITAL SYSTEM REPLACES TAPE/CD/RECORDS

SDS BROADCAST SERVICES CORPORATION announced today that they would begin delivery of its new **DIGITAL AUDIO BROADCAST SYSTEM** by the end of the first quarter of 1988. The new system **COMPLETELY ELIMINATES** the use or dependence upon any form of TAFE, RECORDS, CD's or even REEL-TO-REEL facilities.

The new system will record/playback any analog signal fed to it and has a performance level of 5hz to 16khz FLAT.

The unit will operate on a single PC (XT or AT) and can be connected for full networking configuration. The software supports multi-user and will produce a complete log. Combined with the system is software to provide traffic and accounting interfaces with existing software packages or SDS provides an extensive software package as well.

The system allows the user to locate ANY song or commercial in the system and play to air in not over 28ms! All music and commercials are maintained on the system (in digitized files) and can be used at the same time by PRODUCTION/COPY/AIR/TALENT/NEWS DEPARTMENT etc. SDS is soon to release software to allow digital transfer over standard telephone lines so files between stations can be transferred.

SHE 000030

The digital audio system will support from one (1) to twelve (12) channels within a system.

Some of the distinct advantages include:

- * Infinite playback WITHOUT loss of audio quality
- * Totally paperless between Traffic/Studio
- * Automatic log control
- * System can be loaded for total automation
- * No mechanical adjustments ever
- * No engineering maintenance required
- * Balanced or unbalanced output
- * Eliminate records
- * Eliminate tapes
- * Eliminate recorders
- * Eliminate cart machines/systems
- * Eliminate CD's
- *very inexpensive

SHE 000031

With advanced (optional) software it is possible to "shorten" a pre-recorded program by shortening the "white" spaces or dead air spaces in the program and then use the gained time to insert additional commercial space. The resulting broadcast does not sound like it has been speeded up but like the original, only with an additional space for another 30 or 60 commercial insert. The software automatically adjusts the dead space on the modified version, leaving the original intact. This can be done in real time on air as well to assist in the timing to meet

network connect.

The digital broadcast system can be interfaced with a digital store system for video to interface the two into a complete program source (as in CATV).

Additionally the system has been linked to the fourth quarter 1988 release of SDS BROADCAST SYSTEMS all new DIGITAL VIDEO RECORDING SYSTEM. This new system is a totally non tape recording and playback system to replace the conventional BETA & CAMCORDER formats. It has the ability to record and playback full NTSC video (up to 22 minutes per load) without the use of tape ! The unit uses a proprietary "Plug-n-Pak" memory system. The video is encoded into digital which can be edited without loss of quality from the first generation to millions after. There is no loss of quality from copy to copy , unlike tape. The quality exceeds 1" specifications, and in fact exceeds the capability of present video sources ! The studio unit can be used to go direct to air, or make tape copies or to edit and assemble. The unit is fully SMPTE interfaced, however a new scheme of digital editing has been developed. Using the digital editing system, absolute resolution and instant access to any frame is now reality.

SHE 000032

The portable unit weighs only 19 lbs, and the battery supply

is either BP-90 or BRICK. Slightly more than one hour per battery pack is typical.

The studio unit is linked with a PC for control and editing capabilities. Studio units can store 200 hours of program material on a machine and can access any point within less than 68ms !

FOR MORE INFORMATION:

contact

Sean D. Sheedy CEO

SDS Broadcasting Services Corporation

1021 10th Way

West Palm Beach, Florida 33407

(305) 659-5347

SHE 000033

Vending Times

SDS' Digital Jukebox System Uses Audio Signals; Eliminates Reliance on Records, Tapes, Or CDs

PALM BEACH, Fla. — SDS Broadcast Services has announced that delivery of its new digital jukebox system will begin by the end of March. The revolutionary new system has been engineered to eliminate completely the use of or dependence upon any form of cassette tape, vinyl record, or compact disk.

The digital system is programmed to record and play back any audio signal fed into it. SDS claims that it has a performance level and sound quality equal to or better than other current jukebox and compact-disk systems.

Software for the system supports single-play and multi-play selections by the user, thus replacing all the mechanical systems used in the existing technology of jukebox systems, according to company officials. The unit enables the user to locate any song in the system and begin play in 28 milliseconds or less, a speed comparable to the access time on hard disks used in AT-compatible computers. All music selections are maintained on the system in digitized files and can be used at the same time by multiple locations in the same establishment. SDS is also putting the finishing touches on software to allow digital transfer over standard telephone transmission lines so that different locations can exchange music files.

The digital music system is easy to operate. To make song choices, the customer simply selects from a video screen on the front of the jukebox by using a "high-light" bar. By manipulating only three buttons — up arrow, down arrow, and select — the user can move the illuminated bar up or down

the screen of selections or go on to additional page listings.

SDS believes that the system can increase operator income per jukebox dramatically because its storage process eliminates the need for wasted capacity taken up by "dud" music on the back side of a disk. Since only the popular side of the single record or the best selection from a compact disk is placed in the system's inventory, a conventional system of 100 or 200 choices using the digital jukebox actually has the 100 or 200 popular plays available, without the other unnecessary and unprofitable selections.

Moreover, the unit can be interfaced with a digital retail store system for video display on the front of the jukebox for use in revenue-generating advertising programs. The system can display the album cover or other illustration or graphics. Or, in the typical display of the album cover, a message under the cover can direct users to purchase the music at a local record store or national chain.

The system, which can be loaded for total automation or retrofitted to existing record or compact-disk machines, includes a management software program. This provides operators with a total information profile of the system, including number of plays, comparing paid vs. non-paid. The software also tracks total plays since installation, total money count, and identifies service technicians working on the machine and the work performed.

For more information on the digital jukebox system, contact SDS Broadcasting Services, 359 South Country Rd., P.O. Box 995, Palm Beach, Fla.

NEWS RELEASE

EFFECTIVE DATE

JANUARY 30, 1988

DIGITAL SYSTEM REPLACES TAPE/CD/RECORDS

SDS BROADCAST SERVICES CORPORATION announced today that they would begin delivery of its new DIGITAL JUKE BOX SYSTEM by the end of the first quarter of 1988. The new system COMPLETELY ELIMINATES the use or dependence upon any form of TAPE, RECORDS, CD's.

The new system will record/playback any audio signal fed to it and has a performance level equal to or better than the present JUKE BOX systems, including CD systems.

The unit replaces ALL the mechanical systems now in use in the current technology of JUKE BOX systems. The software supports multi-play and single play selections by the user. Combined with the system is software to provide TOTAL information as to number of plays (paid / non-paid) and full stats as to total plays since installation, total money count, service tech(s) working on machine, etc.

SHE 000035

The system allows the user to locate ANY song in the system and begin play in not over 28ms! All music is maintained on the system (in digitized files) and can be used at the same time by multiple locations in the same establishment. SDS is soon to release software to allow digital transfer over standard telephone lines so files between locations can be transferred.

- * System can be loaded for total automation
- * No mechanical adjustments ever
- * Balanced or unbalanced output
- * Eliminate records
- * Eliminate tapes
- * Eliminate CD's
- * Capable of retrofit to existing record/CD systems
- *very inexpensive

The digital JUKE BOX system can be interfaced with a digital store system for video display for use in advertising at the JUKE BOX.

The customer selects from a video screen on the front of the JUKE BOX by using a "high-light" bar that appears on a video screen showing the playable selections on the machine. By using only three buttons UP ARROW, DOWN ARROW or SELECT the user can easily move the lighted bar up or down the selections and can go to additional page listings.

* Since only the popular side of the record or the best selection of music from a CD is placed on the system, a conventional system of 100 or 200 selections using the DIGITAL JUKE BOX actually has the true 100 or 200 popular plays available rather than wasting the usual 50% of dud music on the back side of a disk. This increases the income per JUKE BOX dramatically !

SHE 000036

The system can display the album cover or other illustration or graphics and in the typical display of the album cover a message under the cover can direct the viewer to purchase the music at a local record shop or national chainincreasing income from the machine by way of advertising space payment.

FOR MORE INFORMATION:

contact

Sean D. Sheedy CEO

SDS Broadcasting Services Corporation

359 South County Road

P.O. Box 995

Palm Beach, Florida 33480

(305) 659-5347

SHE 000037

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**JUKE BOX
RESPONSE**

SHE 000038

T-N-T MUSIC & VENDING INC.

3236 Orange Grove Avenue
North Highlands, CA 95660
916-485-2400 / 800-556-8600

MARCH 15, 1988.

TO WHOM IT MAY CONCERN:

PLEASE SEND AS SOON AS POSSIBLE ALL INFORMATION ON
YOUR DIGITAL JUKEBOX SYSTEM. WE ARE VERY INTERESTED
IN THIS NEW SYSTEM.

THANK YOU
SINCERELY,

T.N.T. MUSIC AND VENDING
3236 ORANGE GROVE AVENUE
NORTH HIGHLANDS, CA. 95660

ATTENTION: JACK WALLACE

SHE 000039

Jukeboxes

Video Games

Pool Tables

Pinballs

Cigarettes



Automatic Products Company
75 West Plato Blvd St Paul MN 55107 612-224-4391

March 2, 1988

Mr. Sean D. Sheedy
SDS Broadcasting Services
359 South Country Road
P.O. Box 995
Palm Beach, FL 33480

Dear Mr. Sheedy:

We recently received a copy of your news release on "Digital Juke Box System." This system appears to be unique and should revolutionize the marketplace.

Please send brochures and prices to my attention and advise if your intent is to manufacture and market this unit on your own.

We sincerely thank you for contacting us with this information.

Yours truly,

AUTOMATIC PRODUCTS COMPANY

Alan J. Suitor,
Director, Sales & Marketing

AJS/ss

SHE 000040

GLENN BLACK
GLENN AMUSEMENT,
802 MICH AVE
P.O. BOX 598
LYNN HAVEN, FL.
32444
Phone 904-265-2200

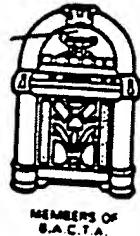
Dear Sir,

I would like to have information
about your SDS Digital Jukebox
systems.

Thank you very much

Mr Glenn Black

SHE 000041



Sound Leisure Limited

6 STAFFORD STREET, LEEDS LS10 1NN
TELEPHONE: 772484/3 Lines and 703840

N.S.M. APPROVED SERVICE SPARES SPECIALISTS
ELECTRONIC DESIGN AND MANUFACTURE

Manufacturers of High Quality Jukebox Systems

011-44-532 +*

APPROVED BY
THE GAMING BOARD OF
GREAT BRITAIN

S.D.S. Broadcasting Services
359 South Country Road
P.O.Box 995
Palm Beach
Florida
U.S.A.

16th April 1988

Dear Sirs

As Britain's major juke box supplier, we were very interested to read of your new digital juke box system.

We would be very happy to discuss a distributorship in the U.K. or certainly the possibility of purchasing a number of units.

Would you please send leaflets, prices etc to me as soon as possible with a view to a meeting in the near future.

Yours sincerely

ALBERT TRUELOVE
MARKETING MANAGER

Director A J Biscott Music & More

REPRODUCTION ANTIQUE JUKEBOXES
BACKGROUND MUSIC SPECIALISTS

Registered in England 1342898

SHE 000042

from: **Hasvold Vending Company**
900 North Western Ave.
Sioux Falls, South Dakota 57104
(605) 336-8301

To: SDS BROADCASTING SERVICES
BOX 995
PALM BEACH, FL

MESSAGE

I would like more information on your
digital jumbo system.

Mac Hasvold

ANSWER

Signed **MAC HASVOLD**

Signed

Date

7/1/88
Mac Hasvold



SHE 000043

From the desk of:

Fun Factory

SW,

Please forward information
in Digital Jack System.
We may be interested in
its units, if it is practical.

Thank you,

Fun Factory Co.
P.O. Box 14821
Clearwater, FL

34279-4821

1.813-726-6406

SHE 000044

RECORDED MAIL
PELHAM, N.Y. 10572
JULY 1986
J. O. DALY BEACH, FILE

**TECHNICAL
INFORMATION**

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SHE 000045

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TECHNICAL SPECIFICATIONS
FOR
SDS DIGITAL AUDIO PROGRAM SYSTEM

NOTICE: The specifications contained herein were intended as a guide only. Since most present audio testing equipment is not capable of testing fully the many aspects of DIGITAL AUDIO the information contained herein is limited by the testing equipment.

Effective date of testing: 01-14-1988

AUDIO INPUT SECTION:

Input connector:	RCA female
Termination:	600 ohm nom
Input curve:	NONE (RIAA opt)
RF termination:	RCL
Minimum input level:	.05v PP
Maximum input level:	1.2v PP
Filters:	NONE
Frequency sweep:	>DC-25KHZ (5Hz-22.5kHz) 85db>reference
Tested DB headroom (NAB)	>/=120
Slew rate:	>/=16khz
Minimum sample:	2,3 order >70db
Harmonic filtering:	NONE
Compression:	0vdc/ac
Reference to chassis grd:	+5vdc, +12vdc
Supply voltage:	IBM XT/AT
Bus:	

AUDIO OUTPUT SECTION:

SHE 000046

Output connector:	RCA female
Termination:	600 ohms nom
Filters: (external)	10hz and 30khz passive
Output network:	Capacitive
Max output:	1.0v nom
Distortion at max output:	</= .001% at 1.0v ref
Buffer:	64kb
Minimum sample rate:	N/A
Access time from execute:	3 ns
Tested processor speed:	80286/10mhz
Type filter:	2,3 order harmonic active

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Specifications (Page Two)
SDS Broadcast Digital Audio

Slew recovery rate: N/A

GENERAL SPECIFICATIONS:

Power requirements:

+5vdc / +12 vdc

400 ma maximum

Tantalum

NOT TESTED AT THIS TIME

7.6" x 16 bit Bus 1/2 card

NOT TESTED AT THIS TIME

G-10mil spec

Gold plated(MTBF unknown)

UL spec 1500 vdc

UNLIMITED

(size of hard disk is now
ONLY limiting factor. Use
of WORM allows 800mb per
removable unit.)

Typical 28ms

(limited to access time
of storage media to first
play. Each "stack" play
has NO delay as it is
already loaded in RAM.)

NONE

(FUTURE) NOVEL/UNIVATION
<130db reference

INFINITE

40-140df

not greater than 85% hum
non condensing atmosphere

2.5g

4.7 ounces

Select to play delay:

Stack limitations:

System interface:

Hum level rejection(50hz):

**Number of cycles to audio
degradation measured:**

Environmental:

Shock:(Vibration)

Weight:

specifications are subject to change without notice

MEETS OR EXCEEDS ALL PUBLISHED NAB SPECIFICATIONS

SHE 000047

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OVERVIEW

Description:

This unit described as a half length standard slot card for use in the PC MS-DOS environment (286 based configuration) will digitize any analog signal typical in the AUDIO spectrum as described and outlined by the NAB specifications.

The unit (with specific software) will sample audio present at its input and digitize to the media (hard disk, WORM, etc.) of the host system thus allowing for permanent storage of the audio in digital form. This process is not unlike the CD or Compact Disk technology, however since it is stored on media accessible by not only the host computer but the associated units therein it can be used for AIR, PRODUCTION and other needs. One of the most distinct advantages is that no tapes/vinyl/CD or other storage medium is ever needed again. The user (air personality) simply highlights the stored material to play and presses the RETURN key. It can accomplish either SINGLE PLAY, MULTIPLE PLAY, interface with COMMERCIAL BREAKS and can be driven from the TRAFFIC log. The unit is operating based upon a real-time clock and thus is creating a full log of actual time the item aired.

The system has, in addition to many other features, the reliability of reproduction of sound EXACTLY as the source provide, and it NEVER DEGRADATES in any way since the sound is stored digitally. NO TAPES OR RECORDS OR EVEN CDE TO WEAR OUT. The estimated repeated play for each digitized item is virtually limited only to the quality of the hard disk or WORM drive media.

Unlike tape or records or even CD source material, the system will not degrade each time it is played. As in CD, exterior influence can cause reproduction problems and repeated handling will eventually damage the source. In this system you never touch the recorded material and it will NEVER change from the first play to the multi-millionth play. There is no loss in digital production.

SHE 000048

ADVANTAGES:

The obvious advantages as outlined above are only some of the cost factoring considerations....

- * Eliminate tapes
- * Eliminate records
- * Place complete library of music/commercials on unit size of two drawer filing cabinet, thus replacing entire rooms of tapes and records and CD's

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Specifications (Page four)
SDS Broadcast Digital Audio

- * Instant access by all users of any library
- * Excellent for "request lines"
- * Fully interfaced with Traffic
- * Automatic log generation
- * Unlimited storage capacity
- * Infinite playback without loss of quality
- * Add/Update library anytime
- * Exchange with any other station via telephone line
- * Complete business management statistics from network system allowing:

- Automatic time card log in
- Infinite history on air and employees
- Full accounting package for GL

PAYABLE
RECEIVABLE
BILLING
PAYROLL
etc

- * Multi user network for 1056 users/stations
- * Complete FCC logs produced
- * Automatic traffic department driven air control
- * Live script on screen at commercial break
- * Automatic time remaining on play
- * Automatic time played of selection
- * Each library/commercial listing includes:

Date entered (recorded)
Artists
Classification (MOR/ROCK, etc)
Total time for play
Last played (optional)
Total plays

SHE 000049

- * Complete search capability to locate item wanted
- * Erase lock-out to prevent elimination of items
- * Password level control of system/levels of access
- * Output records mesh with 1-2-3 or dBase files

Note: Typical library could be 90,000 3.5minute recordings on a 1 gigabyte mini system.

Note: Reboot for system down is not longer than 80 seconds to air. (Available with battery backup)

Minimum configuration: IBM XT 80286Turbo, Color screen, SDS card
30mb hard disk, 640kb memory.

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Specifications (Page five)
SDS Broadcast Digital Audio

ADDITIONAL CONSIDERATIONS:

- * No maintenance required
 - * Elimination of engineering attention
 - * No alignment required
 - * Non technical skills for operations
 - * Completely software controlled
 - * Very high reliability
 - * MTBF (none failed as to date of publication)
 - * Extensive software interfaces for implementation in other programs commonly used in the business operation
 - * No tape racks needed
 - * No record libraries
 - * No make-goods due to tape failures
 - * Low cost intergration/expansion
- etc.

CONCLUSION

Nothing has ever been available to the industry as revolutionary as this product. Reduction of ongoing expense combined with reduced dependance on technical support makes this product the begining of the newest era in the industry of broadcasting. Conversion from present method of play to the digital technology is cost effective....at once....and requires only the time to record to the system the existing material and then to transfer any future non digital material to the system...once only! In the future complete libraries will be offered to "plug-into" your system for music, news events, etc.

Due to the unique design, the equipment you buy today is fully upgradeable to any newer system design without loss of your existing library or equipment. This reduces your future cost risk.

SHE 000050

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**GENERAL BUSINESS
PLAN**

Does Not Include Spread Sheet

SHE 000051

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GENERAL BUSINESS PLAN

Focus on JUKE BOX

Since the inception of the JUKE BOX not much has changed. We still use a mechanical device that either moves compact disks around or it moves 45 RPM's around. Both are known to be prone to constant preventive maintenance, and even the most modern CD units that use the SONY changer are showing increased problems due to the laser unit and the optical alignment.

Now, for the first time in history we can ELIMINATE all the mechanical dangers and costs and reduce the space needed to provide the same or more selections for the user. This will provide several advantages including:

- A. No mechanical breakdown or maintenance
- B. Remote programming
- C. Theft proof collection accounting
- D. More compact design

SHE 000052

Obviously, this advantage is being limited to the JUKE BOX industry for the purpose of this dissertation.

The cost to build a unit in a single unit price basis is about \$ 2,100.00 or less, however in production of over 100 units, the price will drop to below \$ 900.00 which places the unit within acceptable range (the pricing is only for the electronics).

Considering this cost for the electronics and the cabinet costs and the amplifier and speaker system, the final delivered cost has been estimated to about \$ 3,500.00 or \$ 4,000.00 to the vendor. This provides a profit level to some extent, but the real money is not to be made from the machine....IT IS TO BE MADE FROM THE SINGLE SUPPORT SERVICE....MUSIC SUPPLY !

Now I am sure you have thought that the vendor would simply record his music to the machine....WRONG !

The operator will have to get his music from the only approved digitized source....will it be you?

Since it will be necessary to guarantee the producers and pressers of the control for the distribution of the music or material, the code built into the system makes it impossible for the music to be loaded on any machine or machines not authorized for the selection. This system will not allow the digitized music to load or be copied in the system

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Page two

unless the code for that load is present on the copy. The juke box can not write to disk from its files, and thus prevents the transfer from machine to machine of material. In addition, when the operator is sent either a disk or file, it can only be loaded the number of times paid for. After each load limit, no other load may be made.

The music can be unloaded from one machine and then reloaded to another or the same machine at a later date, but if you only paid for one copy, you only get one copy. This will provide two good safety features.

1. The artist/producers, etc will be assured of revenue collections,
2. The supplier of the music (digitizer) will have forced repeat and single source business.

Several methods of delivery of the music material are possible. The music can be downloaded by the supplier directly to the vendor juke box on site (or in the shop), or to a computer with a special program in it to allow transfer to a juke box.

Another delivery system is to send disks for loading by the vendor according to the loads paid for.

All this provides a single source of control and income...WORLDWIDE !

Billing for this service will total Billions ! Consider all the fees and payments for the present system of delivery (45's, CD's) and this will all HAVE to come to the vendor of the music.

TWO DISTINCT BUSINESS, TWO WORLDWIDE RIGHTS

Business #1:

This is the rights to use the technology to deliver finished JUKE BOX's .

Business #2:

SHE 000053

This is the rights to supply digitized music to the owner/operator of the JUKE BOX's.

NOTE: The digitizer source will also have an additional benefit...they can supply the BROADCAST INDUSTRY who is also using a more sophisticated version of this basic system, but will need complete libraries of the music supply !

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**BRIEF
BACKGROUND
INFORMATION**

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RESUME

Sean D. Sheedy
1021 10th Way
West Palm Beach, Fl
33407

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(407) 471-5300

Age: 39
Present Health: Good
Marital Status: Single
Parents: Deceased
Sister: Kathrine M. Sheedy-Bell
 Married (1 child)

Present Job Status: CONTRACT CONSULTANT

Presently consulting with BellSouth and Southern Bell Telephone on projects related to the extended use of the Central Office (CO) features for such customers as the Hotel/Motel market using the CENTREX services to replace the on site vendor assisted PBX switches common to most properties. If the project would become a tariff item for offering to the general market, resulting in an increase to the Operating Company (SBT) in net revenue increase over eight-hundred million a year for a small segment into the market.

Past consulting and development of systems using the Central Office features extended to the customer site resulted in a very large public company being developed. This company is now known as CENTRAL (TFCS) and I developed the Alternate Operator Service system they are still using to this date. The system utilizes the ESSEX features to receive calls from the calling or originating party, gather the credit card information and then deliver the calling party to the called party. The AOS provider is like a mini AT&T long distance operator provider. The user is typically the Hotel/Motel guest who makes calls from his room or the pay phone. My original stock cost me .01 share, and I sold it for \$ 1.00 share to raise money to develop this present project. The current value of the same stock is now at # 11.49 share.

I have consulted with such firms as:

NEC
AT&T
Motorola
General Electric
North American Telephone
NEC
Southern Bell Telephone
BellSouth

SHE 000055

Page Two
SDS RESUME

Involvement with these previously listed firms included such development and deployment of phone to radio interfaces, dial-up paging systems, satellite link services, central office features development for outside plant applications, radio common carrier operations.

Education:

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Palm Beach Public School
Palm Beach High School
Palm Beach Jr College
Emory University (Atlanta)
Franklin Pierce Law School (Concord, NH)
AT&T (ESS Central Office for ESS-4/5)
Siemens (Switch Certifications)
TAD (Switch Certifications)
...various other certifications

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REFERENCES

SHE 000057

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**REFERENCES
for
Sean D. Sheedy**

National Teleproductions, Inc
Mr. Robert M. Peterson
5022 50th Way
West Palm Beach, Florida
33405

(407) 689-9271

John A. Nuckolls
92 Luckie Street NW
Atlanta, Ga
30301

(404) 688-1544

Mr. Robert C. Kime
Attorney at Law
Palm Beach, Florida
33400

(407) 655-5636

Mike Stern
Processes Int
2434-115 Street
Edmonton, Alberta
Canada T6J-3S1
(403) 438-3783

Star Granite Company
41 Little Pond Road
Concord, New Hampshire
03301

(603) 224-5355

Dr E.K. Smith DVM
2825 Australian Ave
West Palm Beach
Florida 33407
(407) 848-2531

TarnHelm Supply
67 1/2 Rumford Street
Concord, New Hampshire
03301

(603) 224-3009

Roger Dean
Roger Dean Chevrolet
2215 Okeechobee Road
West Palm Beach
Florida 33409
(407) 683-8100

NOTE: More available upon request.

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MICSEAN, INC./SOUND LEISURE
JOINT VENTURE AGREEMENT

Agreement made July 23rd, 1988, between MICSEAN, INC., a Michigan corporation, of 330 Muler Street, Auton, MI, 49221, and SOUND LEISURE, a United Kingdom company, of Leeds, England, in STAFFORD Street, hereinafter referred to collectively where the context permits as "Joint Venturers."

WITNESSETH:

WHEREAS, each of the parties hereto desire to enter into a Joint Venture for the purpose of owning, controlling, and holding jointly, the publishing and exploitation interests in certain concepts licensed by SOUND LEISURE from SEAN D. SHEEDY and/or his affiliated company, a shareholder of MICSEAN, INC. in the conceptualization, development and presentation of these concepts as more fully set forth in the attached schedule describing the concepts for exploitation in the Northern American market, namely, the United States and Canada;

WHEREAS, the parties desire to reduce to writing their respective rights and obligations with respect to the subject matter of this Joint Venture.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto do agree as follows:

1. Name. The name of this Joint Venture shall be _____, and such name shall be

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registered with the Clerk of _____ County, State of _____, and such other places as shall be required.

2. Principal Offices. The principal offices shall be located at 330 MULBERRY STREET, A.D.R.M., N.Y.C., N.Y. and such other place as the parties shall from time to time determine.

3. Purpose. The purpose of the Joint Venture is to hold, control, administer and exploit the concepts initiated, developed, owned and controlled by the parties hereto and as set forth in the attached schedule.

4. Capital Contributions of Joint Venturers. It is understood and agreed that as capital contribution of each of the Joint Venturers, undersigned below, each shall contribute the services of their respective corporations in the conceptualization, development and presentation of the concept as outlined in the attached schedule; as their initial contribution to the joint venture. Additional capital contributions shall be made to the joint venture as set forth in the attached schedule of joint venture capital contributions.

5. Profit and Loss. Each Joint Venturer shall have and own an undivided interest in and to the exploitation of these concepts described in the attached Schedule A, including all derivative, licensing, and other exploitations of any form of the concepts subject to the conditions contained in this agreement with respect to royalties, income, profits, proceeds and benefits thereof and share in all the losses, burdens, obligations,

SHE 000348

duties, liabilities, costs, and expenses thereof in the following percentages:

MICSEAN, INC..... Percent (50%)

SOUND LEISURE..... Percent (51%)

6. TERM. The term of this joint venture shall continue until the purpose is accomplished unless sooner terminated by agreement of the parties or as hereinafter provided.

7. Contributions and Default of Contribution.

a) The Joint Venturers shall each, periodically, contribute on the basis of the capital contribution such amounts of cash necessary to accomplish the project as set forth in the attached schedule.

Should any Joint Venturer neglect, fail, or refuse to pay to the joint venture the amount of any required capital contribution as required within seven (7) days after written demand therefor by the Joint Venturer who has made its contribution (non-defaulting Joint Venturer), the non-defaulting Joint Venturer may,

(i) arrange for a loan to the Joint Venture with interest to cover the deficiency, the amount of such loan and interest thereon to be payable on demand by the defaulting Joint Venturer, and any distributions from the Joint Venturer otherwise payable to the defaulting Joint Venturer being first applied against the aforesaid indebtedness, or

(ii) re-allocate the Joint Venture interest of the defaulting Joint Venturer so that his participation in

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this Joint Venture will be reduced to reflect this failure to make the aforesaid contributions, and the joint venture interests of the other Joint Venturer making good such deficiency will be increased to reflect such excess contribution.

Nothing herein shall preclude the non-defaulting Joint Venturer from the use of any other remedies at law or equity such as without limitation, specific performance, if available, damages or otherwise.

b) A capital account shall be maintained for each Joint Venturer, to which shall be credited or debited his contribution or withdrawal, as the case may be.

8. Powers, Rights, and Decisions. Except as otherwise provided in this Agreement, no Joint Venturer, acting alone, shall have the power to bind or obligate the others, and all powers, rights, decisions, acts, consents, approvals or disapprovals arising out of or in connection with or relating to the exploitation or other disposition of the concepts outlined in the attached Schedule A, shall require mutual action by all Joint Venturers, provided, however, that the day-to-day affairs of the joint venture shall be managed by MICSEAN, INC. consistent with the business plan attached hereto and amended on an ongoing basis by the parties hereto in writing.

9. Banking. The funds of the joint venture shall be kept in a separate account, designated as the Joint Venture account, or in any other manner which may be agreed upon between the parties, on deposit with a mutually agreeable bank, to be

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withdrawn upon checks signed by _____ . All advances to the joint venture and all receipts of the joint venture and all receipts by any Joint Venturer for the benefit of the joint venture shall be deposited in said bank account.

10. Restriction on Joint Venturers. Except as expressly provided herein, no Joint Venturer will, at any time, mortgage, lease, pledge, or otherwise encumber its interest in the concepts set forth in the attached Schedule A, or any part thereof or any derivative thereof, nor permit any such forbidden mortgage, lease, pledge or encumbrance to remain in effect, and any such mortgage, lease, pledge, or encumbrance shall be void and of no effect.

11. Buy and Sell Agreement of Each of the Joint Venturers' Individual Interests. Should either Joint Venturer desire to withdraw from the joint venture and thereby cause a dissolution of the joint venture for a reason other than death or disability, said withdrawing Joint Venturer shall give notice to the non-withdrawing Joint Venturer of his intention so to do and shall offer to sell his interest in the joint venture to his at a price and upon terms set forth in writing. The non-withdrawing Joint Venturer shall have the option for thirty (30) days, exercisable by written notice, to purchase the interest of the withdrawing Joint Venturer at the price and the terms set forth in the withdrawing Joint Venturer's notice to the non-withdrawing Joint Venturer. Failure of the non-withdrawing Joint Venturer to exercise this option to purchase the interest of the withdrawing Joint Venturer shall grant to the withdrawing Joint Venturer a

binding irrevocable option for thirty (30) days to purchase the non-withdrawing Joint Venturer's interest at the same price and terms that the withdrawing Joint Venturer had offered to sell his interest in the joint venture to the non-withdrawing Joint Venturer. The Joint Venturers agree that the terms of the offer shall be fifty percent (50%) of the offering price payable within thirty (30) days of the exercise of the option herein and the remaining fifty percent (50%) of the purchase price shall be paid in six (6) equal monthly installments bearing interest at two percent (2%) above the prime rate of Chase Manhattan (ny) Bank or any other mutually agreeable bank. Said options set forth herein shall be exercisable for a period of thirty (30) days from the receipt of any of the notices, and during the aforesaid thirty-day (30) period, a Joint Venturer may not seek to withdraw from the joint venture. If, at the end of the thirty-day period the option to purchase has not been exercised, the withdrawing Joint Venturer may proceed to effectuate a dissolution of the joint venture pursuant to the applicable statutory procedures, except for the provisions of Paragraph 13 herein.

In the event that the withdrawing Joint Venturer does not exercise his option to buy the non-withdrawing Joint Venturer's interest in the joint venture pursuant to the options described herein, the withdrawing Joint Venturer may proceed to effectuate a dissolution of the joint venture pursuant to the applicable statutory procedures.

12. Bankruptcy, Insolvency, Etc. of Joint Venturers. If, during the term of this Agreement (a) any of the Joint Venturers

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file a Petition in bankruptcy, or arrangement with creditors or make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for its assets or a substantial part thereof, or (b) if a court order is entered adjudicating a party; (i) a bankrupt, or (ii) insolvent or appointing a receiver or trustee for such party, or any member thereof, or its assets, or (c) if a party, whose interest in this Agreement is purported or attempted to be transferred or sold involuntarily by a sale under execution, levy or similar process, then the occurrence of any of the aforementioned events shall immediately terminate this Agreement, and said Agreement shall be of no further force and effect and such joint venture shall be liquidated in accordance with the provisions of this Agreement regarding Voluntary Dissolution.

13. Dissolution and Liquidation. If there is a dissolution of the Joint Venture, either by mutual agreement or as a matter of law, no further business shall be done in the Joint Venture's name except the completion of incomplete transactions and the taking of such action as shall wind up and liquidate as rapidly as business circumstances and orderly business practices will permit and distribution of assets shall be made according to Paragraph II.

14. Books and Records. The Joint Venturers shall maintain a full set of books and records at its place of business. They shall further maintain purchasing records, and shall perform all other bookkeeping, accounting and record keeping required by the Joint Venture including tax returns. The Joint Venturers shall

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have access to all such respective records and any other records of the Joint Venture at reasonable times, and the further right to make copies or extracts from all such records of the Joint Venture.

15. Limitation of Agreement. This Agreement shall be construed and deemed to be a Joint Venture solely and exclusively for the purpose of performing the purposes contained in Paragraph 3 hereof. Nothing herein shall be construed to create a general partnership or association between the Joint Venturers nor to authorize any Joint Venturer to act as general agent for the other nor to permit any Joint Venturer to undertake any other obligation for the other Joint Venturers, except as provided herein.

16. Assignability. Except as provided herein, this Agreement, or any interest therein, may not be assigned by any of the parties hereto without the prior written consent of the others.

17. Enforceability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and not in any way affect or render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be carried out as if any such invalid or unenforceable provision were not embodied herein.

18. Entire Agreement. This Agreement and the documents attached hereto and made a part hereof contain the entire understanding and agreement between the parties upon the subject

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matter hereof and thereof, and any prior understandings and agreements are merged therein, except as herein or therein expressly stated. No representations, warranties, covenants or agreements have been made concerning or affecting the subject matter of this Agreement except as contained herein or in the aforesaid documents.

19. Applicable Law. This Agreement and the interpretation and enforcement thereof shall be governed and determined by the laws of the State of _____, wherein the same is made and is to be performed.

20. No Waiver. Except as otherwise provided herein, failure to take action upon a breach of, or default under, any provision hereof in any instance or instances shall not be construed as, nor shall it be, a waiver of such breach, threatened breach, or default or of any subsequent breach or threatened breach or of default under such provision or any other provision hereof.

21. No Oral Change. Neither this Agreement nor any part thereof may be changed, amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, amendment, waiver, discharge or termination is sought. No such waiver shall extend to or affect any obligation not expressly waived, or impair any right consequent thereon.

22. Additional Documents. Each of the parties hereto, for itself and its successors and assigns, hereby agrees from time to time to execute, acknowledge and deliver such other, further and different instruments and documents as shall be necessary or

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desireable to effectuate the restrictions, terms, and provisions of this Agreement.

23. Agreement Binding. All the terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

24. Headings. The headings herein are for the convenience only and shall not affect the construction hereof.

25. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all such counterparts shall constitute but one instrument.

26. Notices and Demands. Every notice or demand or exercise of a right hereunder which is required to be given or served hereunder or which may be given or served hereunder upon any Joint Venturer, shall be in writing and signed by the person or persons giving the same, and, any law or statute to the contrary notwithstanding, shall not be effective for the purpose unless the same be given or served by mailing an executed copy thereof to the party or parties to be served, by registered mail or certified mail, postage prepaid, and return receipt requested addressed to such party at the address set forth at the beginning of this Agreement, or at such other address as such party may from time to time designate by notice given to the other parties in the manner herein provided. Any notice or demand or exercise of a right so addressed and sent by registered or certified mail shall be deemed to have been given when mailed.

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IN WITNESS WHEREOF, this Agreement has been duly executed by
the parties hereto on the day and year first above written.

WITNESSED:

MICSEAN, INC.

 and

By: Michael E. Leonard, President

SOUND LEISURE

By: Alan Black

STATE OF _____)

COUNTY OF _____)

Subscribed and sworn to before me this _____ day of _____, 1988.

My Commission Expires: _____

_____, Notary Public
County of _____
State of _____

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CONFIDENTIAL

AGREEMENT TO INCORPORATE

AGREEMENT made June 18, 1988, between MICHAEL E. LEONARD and SEAN D. SHEEDY, his heirs, assigns or partners, and companies controlled by SEAN D. SHEEDY (SDS Broadcast, SDS Telco, SDS Development, etc.), hereinafter sometimes called the incorporators.

SECTION ONE

NAME OF CORPORATION

The parties shall agree upon a mutually acceptable name.

MICSEAN INC. MC

SECTION TWO

PURPOSE AND POWERS

The corporation shall be formed for the purpose of engaging in and maintaining such lawful businesses as may, from time to time, be determined by the board of directors. The authorized corporate purposes shall include any lawful business purpose or purposes which a corporation organized under the laws of the State of Michigan may be permitted to undertake. It is the intent of the parties that the corporation will exploit the concepts discussed in the presentation of materials submitted by Sean D. Sheedy, on behalf of himself and his associated companies, to Michael E. Leonard on or about June 17, 1988.

SCH 000698

*SD
MEL*

The corporation shall have all general powers, including all powers necessary or convenient to effect any or all of the corporate purposes.

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SECTION THREE
PRINCIPAL OFFICE

The principal office for the transaction of the business of the corporation shall be located at 330 Mulzer Street, Adrian, Michigan 49221.

SECTION FOUR
CAPITALIZATION

The authorized capital of the corporation shall be FIFTY THOUSAND DOLLARS (\$50,000) subject to mutually accepted modification between the parties in the time between the signing of this agreement and the actual filing of the Articles of Incorporation. The authorized capital stock of the corporation shall be all common stock with a par value of ONE DOLLAR (\$1.00) per share, subject to mutually accepted modification between the parties prior the actual filing of the Articles of Incorporation.

Furthermore, the parties agree that Sean D. Sheedy and/or his associated companies shall be given credit ^{for 75,000.00} for research and development to date of Sean D. Sheedy and his affiliated companies, ~~for capitalization upon a mutually acceptable basis as set forth on the attached exhibit.~~ MEL
~~SDZ~~

SCH 000699

DJS

~~Offering Services as Sec., Treasurer for 1 yr.~~ MEL
SJD

Furthermore, the parties agree that upon mutually acceptable terms, arrangements will be made by each party to loan to the corporation capital to meet its initial business plan as outlined between the parties and attached hereto and made a part hereof. Pursuant to the terms of this agreement, Sean D. Sheedy and his affiliated companies further agree that Sean D. Sheedy and/or his associated companies shall not license, sell, assign or otherwise dispose of any of the rights of exploitation of the concepts outlined in the materials presented to Michael E. Leonard on or about June 17, 1988, EXCEPT PURSUANT TO AN AGREEMENT WITH Sound LEISURE LTD, LEEDS ENGLAND DISCLOSED TO THE PARTIES. SJD

SECTION FIVE
STOCK SUBSCRIPTION

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Each of the incorporators subscribes as capital of the corporation the sum set out opposite his name below and agrees to accept in exchange for the amounts so specified, the shares of stock following his name.

MEL X Name of Subscriber Subscription
Sean D. Sheedy *
Michael E. Leonard 0

Stock → S
25,000
25,000

TOTAL SHARES ISSUED: 50,000

SECTION SIX

INCORPORATION; PERMIT TO ISSUE SHARES;

PAYMENT OF SUBSCRIPTION

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The incorporators shall cause the corporation to be formed under the provisions of the laws of the State of Michigan, on or * ASSIGNMENT OF RESEARCH AND DEVELOPMENT IS SUBMITTED ON JUNE 16, 88. FOR 75,100.00 25,000.00 IN STOCK 54,000.00 PROMISSORY NOTE - WITH 10,000.00 IN PAYMENT - WITH INTEREST OF 6-18,88. WITH INTEREST ON NOTE PAID AT 9 3/4% INTEREST - PAID MONTHLY WITH BALLOON PAYMENT MADE AT END OF 7 yrs. SDS

MEL S
CONFIDENTIAL

before July 1, 1988, and thereupon with all reasonable diligence shall cause the corporation to apply for and secure a permit authorizing issuance of stock as hereinabove subscribed.

Upon incorporation, the subscriber shall each pay to the corporation the sum as set forth under Section Five herein for the issuance of the shares of stock or shall assign certain assets to the corporation pursuant to the mutual agreement between the parties.

SECTION SEVEN

SIGNING ARTICLES; FIRST DIRECTORS

The parties to this agreement, or so many of them as may be necessary for the purpose, shall sign the Articles of Incorporation as incorporators. The persons named below shall be designated in the Articles of Incorporation as the first directors of the corporation and shall serve until their respective successors are duly elected and qualified.

<u>Name</u>	<u>Address</u>
Michael E. Leonard	330 Mulzer, Adrian, Michigan 49221
Sean D. Sheedy	330 Mulzer, Adrian, Michigan 49221

SCH 000701
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SECTION EIGHT

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OFFICERS

The bylaws to be adopted at the first meeting of the board of directors shall provide for the following corporate officers: president, vice-president, and secretary-treasurer. The offices shall be filled by the board of directors at the first meeting thereof by electing the following named persons, each of whom has agreed to serve in the indicated office for the term designated in the bylaws until his successor is duly elected and qualified.

<u>Office</u>	<u>Name of Officer</u>
President	Michael E. Leonard
Vice-President	Sean D. Sheedy
Secretary/Treasurer	Michael E. Leonard

SECTION NINE

EMPLOYMENT OF ATTORNEY

The incorporators shall forthwith employ Robert G. Weed as corporate legal counsel (a) for the purpose of drafting the Articles of Incorporation, bylaws, application for permit to issue stock, and any other documents required or convenient to the formation of the corporation, (b) to advise the incorporators and the corporation upon its formation with respect to each step in its organization, and (c) to serve until other counsel is selected by the corporation as its legal counsel. Charges for

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such legal services and all fees of state and county offices required in the process of incorporation and the issuance of said permit, and all other costs and charges of incorporation, including franchise tax, if any, certification, and seal, shall be billed to the corporation and paid by the corporation as funds are available.

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SECTION TEN
SHAREHOLDERS' AGREEMENT

Immediately upon execution of this agreement, the parties agree to enter into a Shareholders Buy and Sell Agreement in a form mutually acceptable to the parties which provides for the following:

1. Provision to establish the value of each party's respective share.
2. Provisions which provide that if either party chooses to sell his interest in the corporation, the offer to purchase will also include an irrevocable option for the other party to buy the offering party's shares at the same price offered.
3. The usual provisions of such an agreement to accomplish the purposes of the agreement.

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SECTION ELEVEN

SECTION 1244 STOCK PLAN

Prior to the payment for or issuance of any of the shares of the corporation pursuant to this agreement, the parties and each of them shall use their best efforts to cause the corporation to adopt a Section 1244 Stock mutually acceptable in form.

SECTION TWELVE

EXEMPTION FROM SECURITIES ACT OF 1933

~~Each party represents and agrees that this subscription for and purchase of shares hereunder is for investment purposes for his own account, and that he has no present intent to resell or distribute such shares. Each party further represents and agrees that he is now and shall be at the time of purchase of the shares subscribed for hereunder a bona fide resident of the State of Michigan.~~

SECTION THIRTEEN

RESTRICTIONS ON STOCK TRANSFERS

Each incorporator may, at his election, cause the stock to which he is entitled to be issued to him and his spouse or other member of his immediate family, as joint tenants or otherwise, *Or to a trust established by either party.* In addition, any incorporator may hereafter at his option, cause

SCH 000704

a transfer of his stock, if held in his own name, to himself and
his spouse or immediate relative,^{OR TO A TRUST created by either Party.} No incorporator, spouse or
member of his family^{or TRUSTEE}^{MEL [initials]} shall otherwise assign, transfer, give or
sell any corporate stock accept in accordance with the stock
transfer provisions contained herein or set forth in the Stock
Certificates.

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SECTION FOURTEEN

COMPENSATION OF DIRECTORS AND OFFICERS

The first directors shall each receive the sum of 250.00
 DOLLARS (\$250) for each meeting of the board (regular or
special) actually attended. Michael E. Leonard, one of the first
directors of the corporation, shall serve as its general manager
until his successor is duly selected and qualified, shall perform
all services required of him in the general management and
operation of the business of the corporation, and shall receive
for such services as general manager a salary of
 (\$300.00 per month.

The bylaws shall provide that the officers of the
corporation shall consist of a president, vice-president, and
secretary-treasurer. The first officer of the corporation, who
shall take office and serve immediately upon his formation and
until duly relieved by the board of directors, shall be
Michael E. Leonard/President; Sean D. Sheedy/Vice-President; and
Michael E. Leonard/Secretary-Treasurer, until or unless the board

SCH 000705

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of directors provide otherwise, the annual salaries of the officers shall be as follows:

President 75,000.00

MEL-²

Vice-President 75,000.00

MEL-⁴²

Secretary-Treasurer 25,000.00 MEL

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Pending specification of the duties of the corporate officers and the bylaws, they shall perform the duties customarily performed by such officers in similar business corporations.

An Employment Agreement shall be executed between the officers and the corporation mutually acceptable in form.

SECTION FIFTEEN

GENERAL BUSINESS PLAN OF THE CORPORATION

It is anticipated between the parties that after the formation of the initial corporation, consideration will be given to the formation of subcorporations, either wholly owned as subsidiaries or independent corporations, to provide services to the corporation to be formed between the parties as needed.

It is further understood and agreed between the parties that no additional shareholders shall be added to the corporation without the mutual consent of the parties, and that the corporation shall provide that the party's respective rights of ownership shall be protected pursuant to pre-emptive right provisions.

It is further understood and agreed between the parties that as a part of the assignment agreement between Sean D. Sheedy and

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CONFIDENTIAL

his affiliated companies, a right-of-first-refusal for other projects developed by Sean D. Sheedy and/or his affiliated companies shall be provided to the corporation to be formed by the parties. It is understood that said agreement shall contain a provision which provides that if the corporation to be formed chooses not to involve itself in said project within a reasonable time of presentation, Sean D. Sheedy and/or his affiliated companies shall have the option to pursue the same with other third parties.

It is further agreed and understood between the parties that they shall mutually agree upon the value of the research and development created by Sean D. Sheedy and his affiliated companies and that the same shall be represented either by shares of stock and/or appropriate debt instrument from the corporation to Sean D. Sheedy and his associated companies for the transfer of said assets.

It is further understood and agreed between the parties that Sean D. Sheedy and/or his affiliated companies shall use its best efforts to persuade Sound Leisure, a British company, to ~~JUKEBOX Audio System, MEL / SO~~ sublicense to the corporation to be formed.

It is further understood and agreed between the parties that they shall adopt as part of its business plan, the so-called "3-M concept" of bringing other individuals with special marketing expertise and/or knowledge into the corporation with the opportunity for them to develop their ideas and to obtain shares of stock in subcompanies formed to pursue said markets.

SCH 000707

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As part of the assignment of said technical systems as outlined in the materials presented on June 17, 1983, Sean D. Sheedy and his affiliated companies warrant that no other parties have the right to exploit said concepts other than Sound Leisure in England, as disclosed on June 17, 1983, and that Sean D. Sheedy and his affiliated companies are able to warrant that no other parties have any rights in the concepts as outlined.

It is further understood and agreed that Michael E. Leonard shall devote sufficient time to the management of the corporate affairs in the business and marketing of the same, and that Sean D. Sheedy and/or his affiliated companies shall devote time to the research, development, and exploitation of the concepts.

IN WITNESS WHEREOF, the undersigned incorporators have executed this agreement at Jackson, Michigan, the day and year first above written.

SDS
Robert D. Sheedy
Robert D. Sheedy
Michael E. Leonard

Michael E. Leonard
Michael E. Leonard

SDS
Sean D. Sheedy, Individually

Robert D. Sheedy
Michael E. Leonard

SDS
By: SDS
Sean D. Sheedy, President

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CONFIDENTIAL

Robert Sheedy
Mark E. Koenig

SDS TELCO

By SDS
Sean D. Sheedy, President

Robert Sheedy
Mark E. Koenig

SDS DEVELOPMENT

By SDS
Sean D. Sheedy, President

SCH 000709

D

(28)

SOUND LEISURE LIMITED

and

ASSOCIATED LEISURE HIRE LIMITED

Agreement for the sale and purchase
of part of the share capital in
Sound Leisure Limited

DISCLOSURE LETTER

VOLUME 1

BLA 000024



Simpson Curtis
SOLICITORS

NCM/LJ/S.817
9th August 1988

D

- f) There is a verbal agreement with Sean Sheedy, trading as SDS Broadcasting, of Box 6125, West Palm Beach, Florida, to develop a fully solid state method of storing music. This could take some years to develop, and the company and Sean Sheedy intend working partly together and partly independently to develop the idea for juke boxes, background music systems, and broadcasting. Now that the two have shared their ideas, Alan Black is confident that he can develop the method independently of Sean Sheedy. He considers that the method is incapable of being patented.

Yours sincerely,

P.P. S. C. Makin

N. C. Makin

Enc.

BLA 000025

(29)

CONFIDENTIAL

MEMORANDUM OF UNDERSTANDING

REPORT BY MIKE LORENZ

SCH 000647

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MEMORANDUM OF UNDERSTANDING

I was asked by Mike Leonard to write a report regarding the claims and technology developed by Sean Sheedy of West Palm Beach, Florida. The Florida trip of June 1, 1988 generated a lot of excitement and caused us to seek funding based on Sean's claims of superior technology and publications.

I understood that Sean had developed the following:

1. An 8k sampling board designed for the AM radio market with software to record and playback music and commercials.
2. A 16k sampling board that he did not have at his home but assured us that he had a 16k sampling board and samples stored at another location. He was unable reach the individual with the equipment thus we did not see this equipment.
3. A method for compressing the sampled data to a 12 : 3.1 ratio and had developed a "special algorithm" that was stored in an "E prom" located on the sampling board. This would allow storage up to 500 songs at 8k sampling rate on a 109 MGB hard drive.
4. Software that could track the individual playing of data on each computer, transfer data by modem, produce reports for reporting to licensing agencies as to copyright and mechanical license.
5. Preliminary agreements or negotiation with the Harry Fox Agency and a legal firm in Atlanta that was working on mechanical licensing and copyright.
6. A preliminary study of the transputer chip that would do forty-eight tracks of digital audio and one track of digital video which would allow for digital editing and storage.

SCH 000648

On of June 27, 1988 I have found out that the 8k sampling board is almost ready for marketing, the 16k board doesn't exist, the method for compressing data doesn't exist, the software for tracking air play and reporting is not finished and there are no ongoing negotiations with any licensing agencies to obtain copyright permission of digitized music. As a result of this development I believe that we: (1) need to seek out several technical experts along with Sean Sheedy to develop the radio broadcasting system and the 16k sampling technology, (2) develop a method to store sampled data that is of CD quality in a compact and preferably solid state ram or similar storage medium for instant access to data with least possibility of mechanical breakdown, (3) move quickly with the radio broadcast system to market it nationally, to get a quick market share and offer free

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updates in software and a modest fee for hardware updates!

The digital jukebox is another problem, and yet with the use of a video machine as the storage unit for audio data we could store up to 26 hours of audio data in digitized form on a DAT tape that fits this video machine. This technology has existed for at least five years. We would only have to develop software for the screen display and tape location of digitized data. Perhaps we could incorporate part of Sean's tracking program and build an interface to the recorder to transfer data by phone to a digital port on the video machine. We would also have to digitize the controls for play, record and search functions of the recorder. This recorder works very well and has a 96db signal/noise ratio and is in stereo.

I would also ask Sean for all of the documentation from his lawyers in Atlanta and any written correspondence with ASCAP, SESAC, BMI and the Harry Fox Agency.

If Sean cannot produce the majority of these claims within a reasonable period, I would rewrite the corporate agreement and decrease his percentage of the company and seek someone else to assist the corporation in development.

SCH 000649

ROBERT G. WEED, P.C.
ATTORNEYS AT LAW

ROBERT G. WEED

4125 OKEMOS ROAD, SUITE 24
OKEMOS, MICHIGAN 48864
(517) 349-2288

3607 WILDWOOD AVENUE
JACKSON, MICHIGAN 49202
(517) 787-7373

December 12, 1989

CONFIDENTIAL

Mr. Mike Leonard
330 Muzler
Adrian, MI

Dear Mike:

Enclosed for your information please find a copy of a letter dated November 7, 1989 from Mr. Ralph Mabie in Florida regarding Sean Sheedy.

I thought it might be of interest to you with respect to the information provided about Mr. Sheedy.

Please call if you have any questions.

Very truly yours,

ROBERT G. WEED, P.C.

Robert Weed/jmo

Robert G. Weed

RGW/jmo

LEO 000292

J. RALPH MABIE
RALPH MABIE, JR.

LAW OFFICES
MABIE AND MABIE
SUITE 802 COMEAU BUILDING
319 CLEMATIS STREET
WEST PALM BEACH, FLORIDA 33401

TELEPHONE 832-4332
AREA CODE 407

November 7, 1989

CONFIDENTIAL

Robert G. Weed, Esquire
3607 Wildwood Avenue
Jackson, Michigan 49202

Re: Sound Leisure
Your File No. 89-241

Dear Mr. Weed:

I have received your letter of October 31, 1989. My apologies for the delay in responding to your letter of October 3, 1989. Unfortunately, that letter was mistakenly delivered by the post office to the wrong address and its arrival in my office was delayed by a matter of weeks. In any event, I have reviewed this matter and my initial impression is that your clients may have considerable difficulty obtaining relief in this matter.

With regard to a possible Money Judgment against Mr. Sheedy, I have been informed by the Sheriff of Palm Beach County that Mr. Sheedy currently has Writs of Execution docketed against him totaling over \$16,500.00. I have made a similar written inquiry to our adjoining county, Dade County, but have yet to receive a response from that county. Of course, any Money Judgment obtained by Sound Leisure, Limited would be inferior to those existing Judgments. I have no information on Mr. Sheedy's financial circumstances or whether a Judgment against him would be collectible. If your client has any such information, that would be quite helpful.

An alternative remedy might be an action in Replevin to retake possession of the goods. The availability of this remedy would depend upon the specifics of the sales contract entered into between the parties. Even if Replevin is available, it may be fruitless as the goods were all shipped more than one year ago. In the event that they have been resold to bona fide purchasers, Sound Leisure would probably have no remedy against those purchasers.

My initial reaction is that for Sound Leisure to pursue litigation might be to "send good money after bad". Even so, I would be interested to know what information your client might be able to provide regarding past dealings with Sean Sheedy, his financial circumstances, his company, and any sales contracts entered into with Mr. Sheedy. I have made inquiry of the Florida Secretary of State and been informed that there are approximately 30 corporations in the State of Florida with "S.D.S." in their titles. I have checked with a private corporate information service who will search the secretary's records to see if

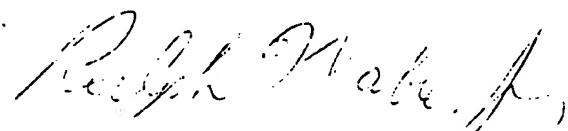
LEO 000293

Sean Sheedy is affiliated with any of those corporations for a fee of \$25.00.

Please call me if you have any questions. Otherwise I will look forward to hearing back from you in the near future.

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Sincerely,



Ralph Mabie, Jr.

RMJr:jlt

LEO 000294

(39)

Meeting Agenda

Mike Kologee - Millgray Electronics
Tuesday February 28, 1989

10:36 AM Pick up Mike - Detroit Metro Flight # 684 United
11:00 AM Drive to Adrian
12:00 AM Setup computer and record music to disk
13:00 AM Send out for delivered lunch
1:30 PM Leave to meet at U of M with Dr. Anderson
4:30 PM Wind down meeting with Dr. Anderson
5:00 PM Mike L'orenz Leaves for Toledo
6:00 PM Mike Leonard and Mike Kologee have Business
Dinner and prearranged restraint
7:30 PM Return Mike Kologee to Detroit Metro

Topics

- * Final Hardware Configuration must be completed by March 10, 1989
- * 4:1 compression of 120 songs by April 1, 1989
- * Team of programmers headed by Dave Rogers
- * DEMO unit is needed by April 10, 1989

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601

JUKEBOX CONFIGURATION AND REQUIREMENTS

COMPUTER PARTS

<u>ITEM</u>	<u>SUPPLIER</u>	<u>COST</u>
286 Processor	Millgray	300
SCSI Controller	Millgray	110
HardDisk	Millgray	1600
HardCard	Millgray	
Floppy Card		50
Floppy Disks		70
DOS		
Disk Manager		
Computer Power Supply		60
DSP Board		500
50 pin SCSI Cable		5
EGA Monitor		300
EGA graphics card		150
10 Key Card		25
I/O Card		70
640K Memory Chips		300
Extended Memory DSP		300

JUKEBOX

<u>ITEM</u>	<u>SUPPLIER</u>	<u>PRICE</u>
Cabinet		900
2-12 Inch speakers		120
2-Tweeters		8
Amplifier	Soundcraftsmen.	360
Dollar Bill Acceptor		300
Coin Acceptor		25
Power Supply		60

36

ZAH 7-1
DRAFT

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BUSINESS PROPOSAL
FOR
DIGITAL BROADCAST SYSTEMS
330 MULZER AVENUE
ADRIAN, MICHIGAN 49221
(517) 263-6010
PALM CITY, FLORIDA

MICSEAN, INC.

LEO 000591

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[REDACTED]

This plan will be an operating, policy and financial guide for
DIGITAL BROADCAST SYSTEMS.

STATEMENT OF PURPOSE

DIGITAL BROADCAST SYSTEMS seeks loans totaling \$200,000 to:

- (1) Setup a manufacturing facility in Adrian, Michigan to manufacture digital production centers for the broadcasting industry.
- (2) Setup a research and development center in Palm City, Florida to produce software and new hardware for logical additions to this system.

we're
We're building, working capital for all aspects of the business and sufficient cash reserves are required to operate and market this profitable and revolutionary product.

[REDACTED]

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SECTION IV	PRODUCT/SERVICE	2
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MICSEAN PROPOSAL

**SECTION I
DESCRIPTION/OBJECTIVES**

MICSEAN, INC. is a start up business that will establish a manufacturing plant to assemble modified computers for the radio broadcasting industry. The business is based on the concepts developed by Sean Sheedy of West Palm Beach, Florida. The company will assemble, package, market, deliver and provide a digitized music service for customers. DIGITAL BROADCAST SYSTEMS will revolutionize the radio broadcast industry.

This computerized system has technological advantages over other broadcast systems because it puts the entire operation of the radio station in the digital domain. The system provides for the conversion of analog recordings to digital recordings which can be stored in any computer medium. The technology also provides for the compiling of data so that thousands of commercial messages and songs can be stored on computer hardware. This makes this system very unique and flexible for the owner, advertising team, radio announcers and advertising customers. Customized promotions will be available through the main library if desired.

**SECTION II
MARKETING INFORMATION**

There are approximately 12,000 radio stations in the United States would benefit by our computerized system. It is anticipated (by a preliminary ad placed in a trade journal) that this system will quickly generate sales and capture a sizeable market share. DIGITAL BROADCAST SYSTEMS will enable radio stations to cut costs for equipment, repair and personnel. Current information indicates that there are no other systems like this on the market. Our project is registered with the U.S. Copyright Office.

DIGITAL BROADCAST SYSTEMS is a subsidiary of **MICSEAN, INC.**

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MICSEAN PROPOSAL

**SECTION III
ESTIMATED PROFITS**

The table below describes the estimated earnings and profits for the next three years with \$200,000 as start up capital. DIGITAL BROADCAST SYSTEMS will lease each system to a radio station for an average price of \$20,000/per unit. The cost of an PC XT with the extra hardware for digitizing is \$2,000.

YEAR ONE WITH 5% OF MKT		YEAR TWO WITH 15% OF MKT		YEAR THREE WITH 25% OF MKT	
UNITS	\$	UNITS	\$	UNITS	\$
600	12 Mill	1800	36 Mill	3000	60 Mil
Our Cost	1.2 Mill		3.6 Mill		6 Mill
Net Profit	10.8 Mill		32.4 Mill		54 Mill

**SECTION IV
PRODUCT/SERVICE**

The product is a digital/audio broadcast system. This system completely eliminates the use or dependency upon any form of tape, records or compact discs. The unit will operate on a single pc (xt or at) and can be connected for full network configuration. The software supports multi users and will produce a complete log. The system allows the user to locate any song or commercial digitized for airplay within twenty eight milli seconds. Some music and all commercials can be maintained on the system and can be used simultaneously by production, copy, air, talent, news department, etc. Some of the distinct advantages of this system include:

- o Infinite playback without loss of audio quality
- o Totally paperless between traffic/studio
- o Automatic log control
- o System can be loaded for total automation
- o No mechanical adjustments
- o No engineering maintenance required
- o Balanced and unbalanced input and output
- o Eliminates cart machines
- o Cost effective

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MICSEAN PROPOSAL

**SECTION V
MARKETING STRATEGY**

Our targeted market would be all AM and FM radio stations.

With some modification this system could be:

- a. Set up to be a phone answering service for large corporations with digitized music and advertisements.
- b. A home recording and playback system comparable with Digital Audio Tape or Compact Disk.
- c. Developed into a state of the art recording studio.
- d. A background music system.

Most radio stations use tape cartridge systems for ongoing ad production - our system would make cart systems obsolete. Our product would be desirable because of the price, flexibility, sound quality and editing capabilities. Our customers will be offered a product that gives them more for their investment dollar. We anticipate capturing fifteen per cent of the market within an eighteen month period and as the market grows our percentage would increase dramatically. The attractive thing about using a PC based digitizing system is that the system can be routinely updated to include traffic and accounting interfaces with existing software packages and a method for reporting airplay to licencing agencies. Additional updates will include the digital transfer of digitized files over standard telephone lines.

The marketing of this digital production equipment will be as follows:

- o Direct Sales and Mailing
- o Trade Shows
- o Establish a distribution network
- o Employ established manufacturing representatives
- o Utilize federal and state sources of business listings and international marketing strategies

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MICSEAN PROPOSAL

**SECTION VI
LOCATION OF BUSINESS**

The manufacturing facility may be located in Michigan due to business incentives initiated by the State of Michigan. Another economical advantage will be realized by having the same proposed manufacturing facility building jukeboxes that make use of the same hardware.

Research and Development and Marketing will be located in Palm City, Florida.

**SECTION VII
COMPETITION**

When we entered into this business plan June 1, 1988 we understood from Sean Sheedy that no other industry is developing a system like this. At present, we now know that companies are working on digitizing music and have developed management software. We are unaware of anyone who has developed an integrated program for the entire operation of radio stations and the radio industry. We feel that we will have an edge on any competitors because of our early entry into the market place. We will have a competitive advantage in quality and product service.

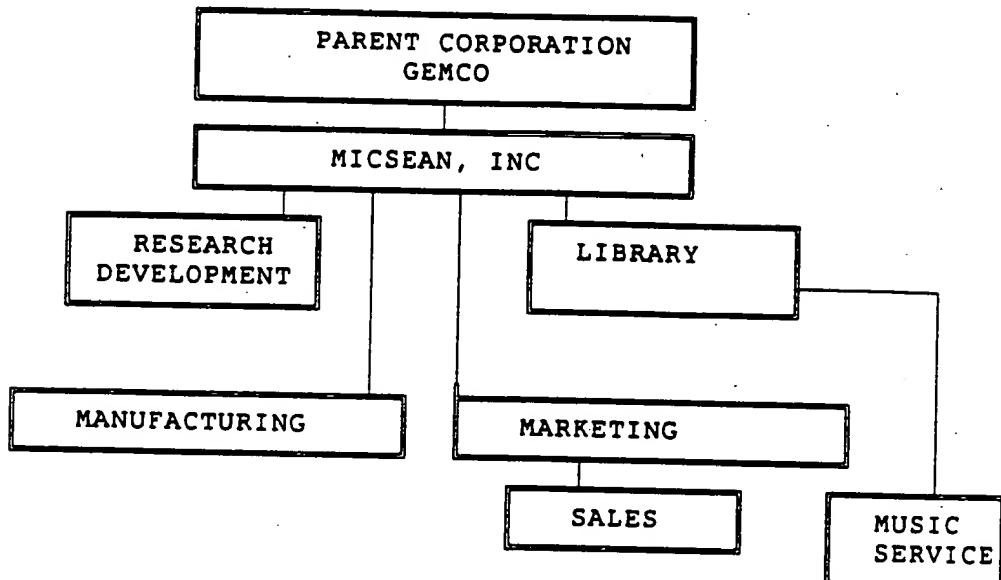
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MICSEAN PROPOSAL

**SECTION VIII
MANAGEMENT/OPERATIONS**

1. Organizational Chart:



2. Personnel:

Our qualifications to own and operate this business are highly professional as outlined below:

Sean Sheedy:

Consultant for BellSouth, Southern Bell, AT&T, Motorola, NEC and has specialized in the deployment of phone to radar interfaces, dial-up paging systems and satellite link services.

Mike Leonard:

Has a 25 year career in the coin operated industry, serving as a board member and officer for state and national associations. He has successfully started six separate businesses from retail to manufacturing. Mike also serves on the Legislative Affairs Committee with the local Chamber of Commerce.

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MICSEAN PROPOSAL

Mike Lorenz:

Mike owns and operates a 16 track recording studio that makes use of the latest in technology. He is also an Assistant Professor of Music at Siena Heights College. He teaches courses in music copyright, synthesis and music technology and holds a Masters Degree in Music Composition from Michigan State University.

Koby Marowelli:

Koby has experience in manufacturing, production and installation of computerized feeders for agriculture. His experience also includes inventory control, purchasing, cost accounting and product development.

**SECTION IX
JOB RESPONSIBILITIES**

- a. Research and development - Sean Sheedy
- Mike Lorenz
- b. General Management - Mike Leonard
- c. Manufacturing - Mike Leonard
- d. Sub Assembly - Koby Marowelli
- e. Sales -
- f. Marketing - Willie ?
- Mike Lorenz
- g. Administration - Mike Leonard
- h. Purchasing - Koby Marowelli

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MICSEAN PROPOSAL

**SECTION X
RESOURCES**

- a. Accountant
- b. Lawyer - MICSEAN, INC.
(Bob Weed)
- c. Banker - Trustcorp
- d. Local - Chamber of Commerce
- e. Business and Trade Organizations:
 - 1. National Association of Broadcasting
 - 2. Radio & Records
- g. Small Business Administration/ACE/SCORE
- h. Colleges
- i. Federal, State and Local Agencies

**SECTION XI
SALARIES**

The start up of this business will require:

POSITION TITLE	TOTAL EMPLOYEES	SALARY RANGE
MANAGEMENT	ONE	30,000 PLUS %
MANUFACTURING	TWO	16,000/EACH
MARKETING	ONE	25,000/EACH %
SALES	FOUR	Commission
PROGRAMMER	ONE	20,000
SECRETARY	ONE	12,000
SPECIAL ASSEMBLY	AS NEEDED	SUB CONTRACTED

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MICSEAN PROPOSAL

**SECTION XII
FACILITIES**

- o A manufacturing facility with 4,000 square feet
- o Office space for three offices
- o Secretary stations with computers, word processing
- o Furniture, laser printer
- o Test equipment
- o Audio room for sampling
- o Storage areas
- o Fax machine, scanner, software

**SECTION XIII
PRODUCTION TO INCLUDE**

- o Assembly of preassembled parts
- o Packaging of hardware and software
- o Testing
- o Shipping

LEO 000601

Sean D. Sheedy

West Palm Beach, Florida

(36) 1
September 24, 1999

1 UNITED STATES DISTRICT COURT
2 FOR THE NORTHERN DISTRICT OF ILLINOIS
3 EASTERN DIVISION
4 ARACHNID, INC.,)
5 an Illinois Corporation,)
6 Plaintiff,)
7 vs.) No. 98 C 3765
8 TOUCHTUNES DIGITAL JUKEBOX,)
9 INC., a Quebec Corporation and)
10 TECHNICAL MAINTENANCE CORP.,)
11 INC., a Nevada Corporation.,)
12 Defendants.)

13 West Palm Beach, Florida

14 September 24th, 1999

15 9:34 o'clock A.M.
16 -----
17 DEPOSITION
18 OF
19 SEAN D. SHEEDY
20 -----
21
22
23
24
25

C36

Sean D. Sheedy

September 24, 1999

West Palm Beach, Florida

		2		4
1	APPEARANCES:		1	Sheedy Exhibit 28-A marked for I.D. 204
2	McANDREWS, HELD & MALLOY, LTD.		2	Sheedy Exhibit 28-B marked for I.D. 204
3	34th Floor 500 West Madison Street Chicago, IL 60661 Tel: 312-707-8889 Telecopier: 312-707-9155 By JAMES P. MURPHY, ESQUIRE		3	Sheedy Exhibit 29 marked for I.D. 211
4	Attorneys for the Plaintiff		4	Sheedy Exhibit 30 marked for I.D. 213
5			5	
6	NIXON & VANDERHYE P.C. 1100 North Glebe Road, 8th Floor Arlington, VA 22201		6	
7	By JEFFRY H. NELSON, ESQUIRE		7	
8	Attorneys for the Defendant		8	
9	+ + + + + + + +		9	
10			10	
11	Deposition of SEAN D. SHEEDY, a witness of lawful age, taken by the Defendants, for the purpose of discovery and for use as evidence in the above entitled cause, wherein: ARACHNID, INC., an Illinois Corporation, is the Plaintiff and TOUCHTUNES DIGITAL JUKEBOX, INC., a Quebec Corporation, is the Defendant, in the United States District Court for the Northern District of Illinois, pursuant to notice heretofore filed, before LINDA P. AUKAMP, a Registered Professional Reporter and Notary Public in and for the State of Florida at Large, at 1665 Palm Beach Lakes Boulevard, Suite 1001, West Palm Beach, Palm Beach County, Florida, on the 24th day of September, 1999, commencing at 9:34 o'clock A.M.		11	
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25			25	
		3		5
1	I N D E X		1	THEREUPON,
2	Direct Examination by Mr. Nelson	5	2	SEAN D. SHEEDY,
3	Cross Examination by Mr. Murphy	103	3	Being a witness in the notice heretofore
4	Redirect Examination by Mr. Nelson	217	4	filed, being of lawful age, and being first duly
5			5	sworn in the above cause, testified on his oath as
6	E X H I B I T I N D E X		6	follows:
7	Sheedy Exhibit 1 marked for I.D.	9	7	DIRECT EXAMINATION
8	Sheedy Exhibit 2 marked for I.D.	11	8	Q. (By Mr. Nelson) Please state your name.
9	Sheedy Exhibit 3 marked for I.D.	32	9	A. Sean, S-E-A-N, David, D-A-V-I-D, Sheedy,
10	Sheedy Exhibit 4 marked for I.D.	34	10	S-H-E-E-D-Y.
11	Sheedy Exhibit 5 - 11 marked for I.D.	48	11	Q. What is your home address?
12	Sheedy Exhibit 12 & 13 marked for I.D.	53	12	A. 1100 Bear, as in the animal, Island Drive,
13	Sheedy Exhibit 14 marked for I.D.	57	13	West Palm Beach, Florida. Zip is 33409.
14	Sheedy Exhibit 15 marked for I.D.	61	14	Q. Do you understand that we're taking your
15	Sheedy Exhibit 16 marked for I.D.	75	15	deposition here today to ask you about a digital juke
16	Sheedy Exhibit 17 - 18 marked for I.D.	77	16	box you developed in the late 1980s?
17	Sheedy Exhibit 20 marked for I.D.	87	17	A. That's my understanding.
18	Sheedy Exhibit 21 marked for I.D.	88	18	Q. Did you, in fact, develop a digital juke
19	Sheedy Exhibit 22 marked for I.D.	88	19	box in the late 1980s?
20	Sheedy Exhibit 23 marked for I.D.	89	20	A. Yes, I did.
21	Sheedy Exhibit 24 marked for I.D.	92	21	Q. Where were you born?
22	Sheedy Exhibit 25 marked for I.D.	103	22	A. Pittsfield, P-I-T-T-S-F-I-E-L-D, New
23	Sheedy Exhibit 26 marked for I.D.	192	23	Hampshire.
24	Sheedy Exhibit 27-A marked for I.D.	200	24	Q. Where did you grow up?
25	Sheedy Exhibit 27-B marked for I.D.	200	25	A. Between Pittsfield, New Hampshire and West

Sean D. Sheedy

September 24, 1999

West Palm Beach, Florida

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<p style="text-align: center;">6</p> <p>1 Palm Beach -- Palm Beach, Florida.</p> <p>2 Q. Briefly describe your education.</p> <p>3 A. I went through private and public school,</p> <p>4 graduated from Palm Beach High, 1966; graduated from</p> <p>5 Franklin Pierce Law School, 1978, Concord, New</p> <p>6 Hampshire.</p> <p>7 Q. Are you a licensed attorney in any state?</p> <p>8 A. Uh, I know this isn't going to sit well</p> <p>9 with the people sitting in the room here, but I was</p> <p>10 so turned off by the legal profession, I didn't</p> <p>11 bother going for the bar. I went back to</p> <p>12 communications and electronics.</p> <p>13 Q. Have you primarily worked in the</p> <p>14 communication and electronic field through most of</p> <p>15 your professional life?</p> <p>16 A. Almost entirely.</p> <p>17 Q. When did you start working in the</p> <p>18 communication/electronics field?</p> <p>19 A. Uh, I guess when I was in junior high my</p> <p>20 first paid recognition was, I guess, when I was</p> <p>21 working with my uncle putting in master antenna</p> <p>22 television systems here in Palm Beach County.</p> <p>23 Q. Did you become familiar with the</p> <p>24 electronics of radio stations?</p> <p>25 A. Actually I started out with Scripps Howard</p>	<p style="text-align: center;">8</p> <p>1 electronics for radio stations during the 1980s?</p> <p>2 A. Absolutely.</p> <p>3 Q. Did there come a time when you became</p> <p>4 involved with personal computers?</p> <p>5 A. Umm, it's been an ongoing involvement since</p> <p>6 they came out with assembly language in these</p> <p>7 original Sinclair 64, and that's definitely way back</p> <p>8 there.</p> <p>9 Q. Back in the late 70s?</p> <p>10 A. Oh, no, that was actually in the early 60s.</p> <p>11 Q. Okay. Did you develop a personal computer</p> <p>12 application for playing songs at radio stations?</p> <p>13 A. The development was not just limited -- the</p> <p>14 answer is yes, the development was not just limited</p> <p>15 to songs, it was designed to actually replace a DJ</p> <p>16 for both commercial interfaced with satellite feed</p> <p>17 information and provide a music library within the</p> <p>18 capacity of the equipment that was available at the</p> <p>19 time.</p> <p>20 Q. Did this -- did you actually have a device</p> <p>21 built?</p> <p>22 A. Five computers were specifically cloned</p> <p>23 from the developmental computer at the time. One was</p> <p>24 physically placed at WSTU in Stuart, Florida by</p> <p>25 Mr. Robert Lord, who was the president at that time</p>
<p style="text-align: center;">7</p> <p>1 Broadcasting, which was located in Palm Beach at the</p> <p>2 time, and I worked for Channel 5 after school, first</p> <p>3 hanging film, then running a camera on the floor and</p> <p>4 then, finally, running a switcher.</p> <p>5 Q. Did you have any training in electronics</p> <p>6 used at radio stations?</p> <p>7 A. Uh, I worked for RCA Broadcast Division,</p> <p>8 which was Southwest 20th Street, Philadelphia. They</p> <p>9 put me through their own internal technical training</p> <p>10 schools to prepare me for the videotape and camera</p> <p>11 services that I was to be a field technician for.</p> <p>12 I've attended 20, 30 different training, both in the</p> <p>13 telephony field, all the way through and including --</p> <p>14 well, I used to have a first class with radar</p> <p>15 endorsement by the FCC, which meant that I had passed</p> <p>16 and qualified for certain tests.</p> <p>17 At the same time, I worked one summer for</p> <p>18 WBZ in Boston or Shoulders Field Road as a</p> <p>19 transmitter technician. I've had so many</p> <p>20 certificates from different schools that are specific</p> <p>21 to a company's type of equipment that they would</p> <p>22 basically fill this room. But if you are talking</p> <p>23 about a college or university type background</p> <p>24 training, the answer would have to be basically no.</p> <p>25 Q. Were you continuing to actively work in</p>	<p style="text-align: center;">9</p> <p>1 of Digital Broadcast Systems, which was the company</p> <p>2 we created.</p> <p>3 MR. NELSON: Let me have marked as</p> <p>4 Sheedy Exhibit 1 an advertisement and a list</p> <p>5 of appears to be potential sales contacts in</p> <p>6 the document marked SHE-74, 59 through 74 --</p> <p>7 comma 59 through -- let me rephrase it.</p> <p>8 Bate numbers on the documents appear to be</p> <p>9 74, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68,</p> <p>10 69, 70, 71.</p> <p>11 (Thereupon, Sheedy Exhibit Number 1 was</p> <p>12 marked for Identification by the reporter.)</p> <p>13 Q. (By Mr. Nelson) Can you identify Exhibit</p> <p>14 1?</p> <p>15 A. In its entirety or page by page?</p> <p>16 Q. Just with the first page.</p> <p>17 A. Yes, I can.</p> <p>18 Q. What is it?</p> <p>19 A. That is a capsule of a news release that I</p> <p>20 made to Broadcast Engineering prior to appearing at</p> <p>21 the NAB show in Las Vegas, Nevada the same year.</p> <p>22 Q. Does this capsule describe the system that</p> <p>23 you developed for AM radio stations?</p> <p>24 A. It was targeted to the AM radio stations;</p> <p>25 however, by the time we got to the NAB show, it was</p>

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<p style="text-align: center;">10</p> <p>1 also being targeted towards FM stations. 2 Q. What are the other pages associated with 3 Exhibit 1? 4 A. Page SHE-59 through -- 5 Q. They're not sequentially numbered. 6 A. Okay. The contents of this exhibit -- 7 Q. Except for the first page. 8 A. -- except for the first page appear to be 9 the responses that came back from the Bingo cards. 10 The Bingo cards, you may be familiar with in 11 magazines, are where you fill in your name and then 12 you check off numbers or you circle them or somehow 13 you indicate that you want that advertiser to respond 14 to you. What happens is, as appears here, Broadcast 15 Engineering then sends a list or whoever has this 16 information sends a list to you, it's then up to you 17 to follow those sales leads from that point based 18 upon this list.</p> <p>19 So this would obviously be people who read 20 this item, were responding on a Bingo card and then 21 that Bingo card 30 to 60 days later ends up in your 22 mail and it's up to you now to turn those leads or 23 inquiries into firm sales.</p> <p>24 Q. These Bingo cards were the result of the 25 publication of the paragraph shown on the first page</p>	<p style="text-align: center;">12</p> <p>1 A. That is correct. 2 Q. That's the system that you developed? 3 A. That's what I'm referring to. 4 Q. Was this system actually offered for sale? 5 A. The system had actually been sold to WSTU 6 by the time this had gone to press. It had passed 7 the first 45-day period. 8 Q. WSTU is a radio station in Florida? 9 A. It's an AM broadcast station that was 10 located in Stuart, Florida. I do not at this point 11 in time know if it is the same call letters or same 12 owners. 13 Q. Okay. 14 A. Mr. Robert Lord made the sale and agreement 15 terms with them. 16 Q. Mr. Lord was working with you to sell the 17 Digital Audio Broadcast Systems to radio stations? 18 A. That is correct. 19 Q. The capsule says that SDS Broadcast 20 Services will begin delivery. Who is SDS Broadcast 21 Services? 22 A. Shawn David Sheedy. 23 Q. Did you own SDS Broadcast Services at the 24 time? 25 A. Yes, I did. It was a Florida corporation</p>
<p style="text-align: center;">11</p> <p>1 of the exhibits? 2 A. That is correct. 3 Q. And it was published in Broadcast 4 Engineering Magazine? 5 A. That is correct. 6 MR. NELSON: Let me mark this as the 7 second exhibit, what appears to be a excerpt 8 from a Broadcast Engineering Magazine of 9 March, '88. 10 (Thereupon, Sheedy Exhibit Number 2 was 11 marked for Identification by the reporter.) 12 Q. (By Mr. Nelson) Can you identify Sheedy 13 Exhibit 2? 14 A. Yes. That is the front cover of NAB, the 15 Broadcast Engineering prior to the NAB '88 show and 16 the magazine is marked March, 1988. 17 Q. Does the second page include the capsule 18 description of your Audio Broadcast Systems that was 19 shown on Exhibit 1? 20 A. The second page of Exhibit 2 is actually 21 Page 334 of Broadcast Engineering, March, 1988, top 22 left corner is the new products capsulization of my 23 rather lengthy press release. 24 Q. The capsulization is titled Digital Audio 25 Broadcast System?</p>	<p style="text-align: center;">13</p> <p>1 at the time. 2 Q. Did SDS Broadcast Systems manufacture or 3 have manufactured Digital Audio Broadcast Systems? 4 A. Yes, SDS Broadcast did offer for sale 5 Digital Broadcast Systems in four versions. 6 Q. During what period of time did SDS offer 7 the Digital Audio Broadcast Systems? 8 A. Umm, probably late December of '87 9 through -- I believe I abandoned the broadcast area 10 about two years later, exactly what date, I couldn't 11 tell you. It was about a two-year period. I had 12 come to an agreement with another company. 13 Q. The agreement with the other company was to 14 do what with the Digital Audio Broadcast System? 15 A. Umm, Harris Gates Lanier, that's three 16 words, essentially one company at that point had been 17 in negotiations with me since the NAB '88 show. Umm, 18 they felt that they -- since I had this in the public 19 domain without having patented it, that they really 20 didn't need permission from me to use what I had 21 delivered to the public domain; however, they felt 22 that if they made some sort of arrangement with me on 23 the advice of their attorneys, that everybody would 24 be better off. So we came to an agreement that I'm 25 not allowed to disclose.</p>

<p style="text-align: right;">14</p> <p>1 I took a lump sum agreement, simply on the 2 basis that I essentially agreed there was no 3 restrictions for any design of what I had developed 4 that they may want to continue with and that nothing 5 would be considered infringement.</p> <p>6 Q. Did you stop selling the Digital Audio 7 Broadcast Systems through your company SDS Broadcast 8 Systems after the agreement with Harris?</p> <p>9 A. As a broadcast item, yes.</p> <p>10 Q. Okay. Can you describe the technology that 11 constitutes the Digital Audio Broadcast system that 12 was being sold by SDS Broadcast Services?</p> <p>13 A. Compared to today's technology, archaic, 14 however -</p> <p>15 Q. What did the technology consist of?</p> <p>16 A. Technology consisted of bringing in as an 17 analog signal something, could be -- it's of audio 18 nature, it could have been music, it could have been 19 voice, it could have been noise. Internal in the 20 computer there was a digitizing card, which at the 21 time was a VP-600 that would change that to digital. 22 The digital was then end-coded onto a hard drive.</p> <p>23 The necessary identification, such as would 24 formally occur on a computer in the FAT file, was 25 developed so that you could go back and find that</p>	<p style="text-align: right;">16</p> <p>1 necessary video drivers, which usually was a card in 2 and of itself, you would have a screen, which could 3 have been an LCD or could have been an -- usually was 4 an external video monitor, umm, you had a hard drive, 5 which back then we thought 40, 50 megabytes was the 6 end of the world. Of course nowadays that doesn't 7 even load a program.</p> <p>8 It was what you could refer to anywhere 9 from being a PC to a CPU to a -- to anything you 10 want, but it was in a capsulated computer device, 11 everything necessary to operate.</p> <p>12 Q. What was the operating system that ran on 13 the SDS Digital Audio Broadcast System?</p> <p>14 A. We actually had converted it to assembly 15 language. It started out as basic, which became too 16 cumbersome to deal with, although we wrote in basic 17 and converted to assembly to make it operate faster. 18 Then we used a compiler. A year later we used a 19 compiler 4-C, which made it even more effective.</p> <p>20 Q. Did the computer also have running on it 21 Microsoft DOS?</p> <p>22 A. Umm, I hate Bill Gates from ground zero up 23 and unfortunately we were locked into Bill Gates and 24 his operating system, which I think it was -- it was 25 MS-DOS, the version 5, possibly. I know it started</p>
<p style="text-align: right;">15</p> <p>1 specific item at any time you wanted to locate it and 2 then, from the hard drive it was brought into RAM. 3 RAM then turned around and was read by the other half 4 of the digital card and was converted back into 5 analog, which is what we hear while we are sitting 6 here in the room. This is analog as we understand it 7 and I -- of course the output from that computer 8 would then go to an audio channel within the 9 broadcast board, which was then, of course, handled 10 by the broadcast station in the normal manner of 11 operation.</p> <p>12 The selection of songs, commercials, the 13 display on the computer screen, the ability to 14 download via internal network or external means, 15 albeit kind of archaic at the time, even by modem, 16 was all part of the computer system. You could use 17 all of it, part of it, or, if you chose, none of it. 18 That was basically the operator's choice.</p> <p>19 Q. Was a computer included in the Digital 20 Audio Broadcast System?</p> <p>21 A. The computer as such was comprised of a CPU 22 based on a -- I think at the time it was a 286 board. 23 It might have been a 386 shortly thereafter, but it 24 was developed on a 286. Basically we are talking 25 about a 16 bit wide channel multiple DMAs; the</p>	<p style="text-align: right;">17</p> <p>1 out below that, but it was MS-DOS 5 when we completed 2 it.</p> <p>3 Q. As I understand it, the computer in the 4 Digital Audio Broadcast System ran MS-DOS and in 5 conjunction with either basic or C programming 6 language?</p> <p>7 A. Well, you had the DOS, which is the disk 8 operating system, that was necessary for the system 9 to have primary or primal communications. How you 10 developed any programming language on top of that was 11 much as Windows operates, really, on top of an 12 operating system. It's not really in a true 13 environment. You first create the foundation, then 14 you put the building on top of it. The foundation, 15 if you will, is DOS.</p> <p>16 Q. Now you'd mentioned that there were hard 17 drives associated with the computer and those are 18 hard drives that store digital information usable by 19 the computer, correct?</p> <p>20 A. Right. They were the semi-permanent 21 input/output device and at that time they were ST 506 22 devices.</p> <p>23 Q. Did the digital information that was stored 24 on the Audio Broadcast System include song files?</p> <p>25 A. It included all the digital information</p>

<p>1 necessary to tag that file for a play list; proof of 2 the time that it played, because it also referred to 3 a real time clock; it also included the size of the 4 file, for the operator's purpose; it showed the play 5 time available, for the accounting side; it could be 6 mated immediately with what we call a traffic log, 7 which would either force a system to take off at a 8 certain time or would allow the operator to bring it 9 ahead by a certain period of time and the operator 10 interface included not only the listing of the songs 11 and the artists, it also included trivia, which a lot 12 of times when you talk your way into a program, your 13 segment into something, to eat up a little bit of 14 time or sound like you know what you're talking about 15 on the radio so that you can impress your groupies 16 out there, you pretend like you have all this 17 knowledge in the back of your head, when the computer 18 was really doing the cheating for you.</p> <p>19 Q. And the trivia you mentioned was trivia 20 associated with the song or musician that played the 21 song that was stored on the hard drive?</p> <p>22 A. And it could also include such relevant 23 things like from Woodstock, whatever trivia happened 24 to be thought of by whatever value the person 25 programming the system may have thought was, "wow,</p>	<p>18</p> <p>1 Q. By going to the FAT file, you could locate 2 any one of these files on the hard drive? 3 A. That is correct. 4 Q. And did the programming on the Digital 5 Audio Broadcast System enable a user to select a song 6 that could be retrieved off the hard drive via the 7 FAT file? 8 A. Well, the FAT file is read by RAM and there 9 requires a user interface to tell the system what it 10 is you're asking; in other words, you have to create 11 the question to get the answer. As is common with 12 any computer, you ask the wrong question, you get the 13 right answer, which the computer will tell you you 14 are a dummy. 15 You ask the right question and the computer 16 thinks it's right, it will tell you what you've got, 17 and that's all related to the FAT file; the I.O., the 18 input/output type of processing you're accomplishing 19 and it also deals with the way you've developed your 20 program to deal with raw basic facts and make them 21 available to the outside world, which in this case 22 would be the operator. 23 Q. What did the operator see on the screen of 24 the Digital Audio Broadcast System? 25 A. Anything you wanted them to see. Basically</p>
<p>19</p> <p>1 cool". 2 Q. You had mentioned in an earlier answer a 3 FAT file. Could you describe what the FAT file is 4 and how it worked in conjunction with the song and 5 other information that was stored on the hard drive? 6 A. Everything on a hard drive requires an 7 indexing system, so you have, what you would call in 8 a human being, the heart. The heart beats. The FAT 9 file, if you will, is the File Allocation Table. 10 That's the technical term. 11 What that means is where everything is 12 located on that hard drive, the File Allocation Table 13 retains that basic information so that I may inquire 14 as to where my last word was indexed on the court 15 reporter's computer, so that I can then get that word 16 typed out without having to read the entire document. 17 Q. Did the FAT file on the hard drive provide 18 an index locating on the hard drive the song files, 19 tag files, proof of time files, play files, files 20 size, play time and accounting information that you 21 previously said was on the hard drive? 22 A. It was the index to all that information. 23 It in itself did not give you all that, it told you 24 what segment or sector on the hard drive you would 25 locate it.</p>	<p>21</p> <p>1 you would see, again, reiterate, you would see the 2 play list, you would see your traffic log, you might 3 even see reminders on there about live commercials. 4 You would actually be able to read the live 5 commercial from the screen and then flip back to your 6 computer log. 7 Whatever you wanted it to display would be 8 displayed. That was a matter of sitting down with 9 whoever was buying the system and saying, what do you 10 want. 11 Q. Was it common to put a menu that allowed 12 the operator to select a song to be played on the 13 screen of the Digital Audio Broadcast System? 14 A. At the time of the -- at the time the menu 15 was basically F-key driven, with the exception of the 16 last four F-keys on the extended keyboard. The menu 17 is always live at the top. And depending upon what 18 F-key you had, you would be able to bring up song 19 library, song grouping, you could have MOR, country, 20 jazz, pop, vocal, instrumental, uh, you could pop up 21 date sensitive songs. It could get pretty broad. 22 So basically you selected a menu selection 23 that would take you to an additional menu selection 24 upon which your basic request was answered, 25 additional input by the operator would then have</p>

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<p>1 allowed you to either obtain immediate action or, in 2 some cases, actually correspond with your programming 3 department about a none-play. So you essentially had 4 anything you needed at the DJ's access.</p> <p>5 Q. The disc jockey would see on the screen a 6 menu of songs and be able to select a particular song 7 to be played by pressing the F-key corresponding to 8 the song displayed on the screen, correct?</p> <p>9 A. Absolutely. Use page up, page down to 10 change the song titling and as each screen came up, 11 an F-key corresponded to the song.</p> <p>12 Q. Can you describe technically what happened 13 within the Digital Audio Broadcast System when the DJ 14 would see on the screen a list of songs and press a 15 particular F-key to select a song shown on the menu?</p> <p>16 A. Do you want the long or short version?</p> <p>17 Q. Let's do the long version.</p> <p>18 A. Essentially what happens is after booting 19 up the computer, or coming in, finding the computer 20 in an operating status, the operator would, for 21 example, say select, umm, country/western. Selecting 22 country/western, there would be probably eight 23 additional sub-menus provided. When you pressed a 24 key in any of these applications, any of these 25 sub-menu positions, you were providing an input an</p>	<p>22</p> <p>1 A. I am talking about the ones that were 2 located in a consumer's hand. The consumer had an 3 operating program, security safeguards and whatever 4 amenities they had purchased to make the system do 5 the things they requested that it would. There is -- 6 there was several developmental computers which maybe 7 today you would refer to as a server, and what we 8 normally did was polish the program in those servers, 9 then bring over a hard drive that was going to go 10 into the customer's computer, put a link, basically 11 it's going to be a serial link between the master 12 computer and the customer's to-be computer and we 13 would download.</p> <p>14 If we had, which we often did, errors in 15 our programming and they were discovered by the 16 customer, I think it's a well-known fact that the 17 customer always does the proofing of every program, 18 even though they just paid for it, we would have to 19 link up to them by telephone line and then via modem, 20 we would download the corrections for our goofs and 21 at the same time add things they may have discovered 22 they wanted added, remove certain functions that were 23 perhaps creating headaches for them, umm, we 24 attempted to download song information that we 25 end-coded, but we did not have the quality of</p>
<p>1 X/Y input, which was translated by the keyboard 2 receiver, which is basically a chip. That translates 3 it into an ASCII code.</p> <p>4 The ASCII code is then read by the bios, 5 B-I-O-S, translated into the necessary 16 bit code 6 that the program has now detected and said gee, this 7 relates to this previous action that I had been told 8 I must follow. Whatever that action might have been, 9 the program then goes in and may call up additional 10 reference information or the program may have said 11 because the F8 key was pressed with third layer menu 12 activity, I will then pull up and locate song such 13 and such, I will cue to the beginning of the data, I 14 will bring forward three mega bits of that 15 information, I will then send that information out to 16 this external device, internal to me, known as the 17 VP-600. The VP-600 is now converting mega bits into 18 analog responses, which now come out as what we refer 19 to as audio.</p> <p>20 Q. Thank you. You mentioned that the song and 21 other information stored on the hard drive would be 22 downloaded into the hard drive?</p> <p>23 A. Normally speaking you never had the full 24 developmental program on any of these computers.</p> <p>25 Q. And the computers you're talking --</p>	<p>23</p> <p>1 transmission that we have today back then, thus, it 2 became a very arduous and long task to download song 3 information. So, therefore, it was easier for them 4 to load it directly at their location rather than to 5 have us create libraries and download them, which was 6 what we originally thought we were going to do. 7 Nowadays it would not be a problem, but back then it 8 was very archaic.</p> <p>9 Q. The archaic you're referring to is the --</p> <p>10 A. Very slow response.</p> <p>11 Q. -- slow response over --</p> <p>12 A. Telephone lines.</p> <p>13 Q. -- telephone lines of a modem to modem 14 connection via telephone line of computers?</p> <p>15 A. And because we did not have the 16 advancements that we have now in both encryption and 17 data end-coding.</p> <p>18 Q. Were you able to download songs from one 19 computer to another via the serial link when they 20 were connected with the serial link?</p> <p>21 A. It was practical to do it. We used to put 22 one computer, which was really almost identical to 23 the air computer in the production room, it was 24 connected via network, which was essentially a serial 25 link. What they would do is start end-coding songs</p>

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<p style="text-align: center;">26</p> <p>1 in the production room along with their advertising 2 commercial plugs, et cetera, then what would happen 3 is as blocks of information were completed, they 4 would release them to the air computer. They would 5 also go into the air computer even while it was live 6 and remove certain things.</p> <p>7 At the same time over the same network 8 there was another computer which did not have the 9 ability to end-code songs or any information like 10 that, that was called the traffic computer. That 11 dealt primarily with the timing of commercial 12 information, sponsor information, but it did work in 13 conjunction with the production computer, because you 14 had to have matching information, so that if I said 15 play commercial 201 for Palm Beach Court Reporting, 16 it didn't play an advertisement for their competitors 17 Mudrick, Witt and Levy. Obviously both parties would 18 be upset at that point.</p> <p>19 So that's what occurs when you talk about a 20 data link and what each particular piece of the pie 21 did. Most of the work was done by the air computer 22 and it had the most serious components and capacity 23 within it.</p> <p>24 Q. When you mentioned the term air computer, 25 the air computer is what?</p>	<p style="text-align: center;">28</p> <p>1 song titles when the air computer was loaded. 2 In other words, we did not have the 3 capacity we have today back in the 80s with our hard 4 drives and, therefore, we had to hide music anywhere 5 we found space, which a lot of times meant that we 6 would play songs over the network actually coming 7 from the hard drive that was in the production room, 8 because the song couldn't fit on the air computer 9 because the air computer was already overloaded. 10 There wasn't anymore capacity, so we'd just play it 11 from there.</p> <p>12 Q. Were there instances where songs were 13 transferred from the production computer to the air 14 computer where it was stored on the air computer?</p> <p>15 A. As I've said before, that was the primary 16 purpose.</p> <p>17 Q. And this work with the Digital Audio 18 Broadcast System you've described was all done prior 19 to 1990?</p> <p>20 A. It was from December, '87 -- technically we 21 made the only public announcement in 1988 in, I think 22 it was February, but it only appeared in the March 23 magazine.</p> <p>24 Q. Do you know how -- approximately how many 25 of these Digital Audio Broadcast Systems were</p>
<p style="text-align: center;">27</p> <p>1 A. That's the live computer. That is what 2 your listener is hearing driving along in their car, 3 sitting in their office or in their houses. That's 4 what's going over the radio.</p> <p>5 Q. The air computer is operated by the disc 6 jockey?</p> <p>7 A. By the disc jockey, but could be totally 8 automated.</p> <p>9 Q. The air computer takes digitized song 10 information and converts it to analog audio for 11 broadcast over the radio?</p> <p>12 A. That is correct.</p> <p>13 Q. You mentioned production computer. What's 14 a production computer?</p> <p>15 A. A production computer is the same thing as 16 the air computer, however, unless it is acting as an 17 emergency backup to the air computer, it really does 18 not get involved in any traffic information. It 19 doesn't really care what it is. Its primary purpose 20 was to end-code signals from the production board, 21 which would be analog, into digitized form so that 22 either in a shared basis or in a stand-alone basis, 23 it could operate in conjunction with or solely by 24 itself on the air or it could be used to program the 25 air computer or it could be an additional reserve of</p>	<p style="text-align: center;">29</p> <p>1 installed in radio stations?</p> <p>2 A. To my knowledge, seven.</p> <p>3 Q. Do you know if any of them still exist?</p> <p>4 A. No, but possibly Mr. Lord might.</p> <p>5 Q. Can you -- to the extent you can, can you 6 identify the locations where these were installed?</p> <p>7 A. One was in Fort Pierce, one was in Stuart, 8 Florida, two were at Skywatch in Lantana, umm, and 9 there were two that were shipped to someplace in 10 Texas, I do not remember where.</p> <p>11 Q. Did you attempt to adapt your Digital Audio 12 Broadcast System into a digital juke box?</p> <p>13 A. Prior to adapting it to a digital juke box, 14 I actually used it with a couple local disc jockeys. 15 At the time, when you had disc jockeys running around 16 town putting on music shows, if you will, at private 17 parties, they used to carry a bunch of records with 18 them or tapes and they would play them back there. 19 And there was a black disc jockey that was 20 a friend of one of our programmers, and he asked 21 permission to bring a computer in, he would buy the 22 components, et cetera, he wanted to use this at his, 23 whatever they are that disc jockeys do when they go 24 to parties.</p> <p>25 We had no objection to it at the time. It</p>

<p style="text-align: right;">30</p> <p>1 was not officially sanctioned, but he did load up our 2 programmer, Dick Erdmann did load up a computer for 3 his friend and I think the shortcoming was the fact 4 that no matter how big the hard drive, the total 5 amount of song selections remained limited for what 6 this disc jockey felt his repertoire needed to be, 7 and that idea kind of just didn't go much further.</p> <p>8 But that's the only thing that was done 9 prior to actually having somebody who was not 10 employed by the company but was friendly to the 11 company come to us and say, my son asked me if maybe 12 we could use this technology in a juke box. So yes, 13 right in that late part of '88 we did get approached 14 by this -- the father of this son who was in the coin 15 operating business who said gee, do you guys think 16 you could do this in a juke box. And the answer was, 17 well, it already is a juke box, just we won't put it 18 on the air.</p> <p>19 Q. Who was the father of the son that was in 20 the coin op?</p> <p>21 A. I think he was referred to as Leonard, 22 Senior. I don't know what his first name was. His 23 son's name was Mike Leonard and both of them owned 24 businesses called Coin Op, one was in Michigan, the 25 other one was in Stuart, Florida.</p>	<p style="text-align: right;">32</p> <p>1 a Sunday morning at 5:05 in the morning that this 2 bright idea came across would be a little fuzzy, 3 because everything already was there. It was just 4 simply a matter of, all right, you want to call it a 5 juke box, we'll put a new screen on it, call it a 6 juke box. The principle's the same, the equipment is 7 the same, the operating parameters are essentially 8 the same, where do you go from here.</p> <p>9 Q. Let me put in front of you what we'll mark 10 as Sheedy Exhibit 3.</p> <p>11 (Thereupon, Sheedy Exhibit Number 3 was 12 marked for Identification by the reporter.)</p> <p>13 Q. (By Mr. Nelson) Can you identify this 14 exhibit?</p> <p>15 A. Uh, it's dated April 19th, 1988, it's a 16 confidential document created by me.</p> <p>17 Q. Did you create it in April of '88?</p> <p>18 A. '88.</p> <p>19 Q. Of 1988?</p> <p>20 A. I actually published it at that time.</p> <p>21 Q. Does this document describe the digital 22 juke box that you were attempting to develop at the 23 time?</p> <p>24 A. It describes what at that time had a 25 project name of DAP, Digital Audio Playback. Its</p>
<p style="text-align: right;">31</p> <p>1 Q. Did you attempt to develop a digital juke 2 box application of your Audio Broadcast System?</p> <p>3 A. We basically just re-wrote what the screens 4 looked like and, you know, you didn't need to know 5 who the sponsor was and all this other garbage. We 6 kind of stripped it out, made it basic plain Jane, 7 they liked the idea and then the next thing I know 8 is -- of course nothing stays simple, the minute you 9 show somebody something, it gets very complicated. 10 Now they wanted advertising, they wanted promotional 11 stuff on the screen, umm, you know, it just took off 12 in a whole new life of its own.</p> <p>13 Q. Did you begin to develop a business plan 14 for producing digital juke boxes?</p> <p>15 A. As a matter of fact, Bobby Lord and I had 16 toyed with the idea because of how much money the 17 broadcast had already sucked up, he felt that he did 18 not want to continue it on his -- with his financing 19 and, therefore, we shook hands and I went off on my 20 own with a juke box developer.</p> <p>21 Q. And approximately when did you begin 22 developing the juke box, was it in early '88?</p> <p>23 A. Early '88, but I -- it's kind of mixed in 24 with other things that had already been occurring 25 anyway, so saying that there was an absolute date on</p>	<p style="text-align: right;">33</p> <p>1 intent was to eventually become what was described as 2 a juke box.</p> <p>3 Q. Now this included -- this exhibit includes 4 some of the materials that you had prepared for the 5 digital juke box prior to April of 1988, correct?</p> <p>6 A. That is correct.</p> <p>7 Q. For example, on the pages marked SHE-00028 8 and 29 is a copy of the Broadcast Engineering 9 description of your Digital Audio Broadcast System, 10 correct?</p> <p>11 A. That's correct.</p> <p>12 Q. Now immediately following that at SHE-00030 13 is a news release dated January 30, 1988?</p> <p>14 A. That's correct.</p> <p>15 Q. And that news release continues for, it 16 looks like, three or four pages?</p> <p>17 A. Correct.</p> <p>18 Q. Did you prepare this news release?</p> <p>19 A. This was created by me.</p> <p>20 Q. Did you publish it on January 30, 1988?</p> <p>21 A. I distributed it.</p> <p>22 Q. How did you distribute it?</p> <p>23 A. By direct mailing to a list of magazines 24 that I had obtained and I believe I probably handed 25 out a few of these locally.</p>

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1 Q. Do you know if any of the magazines
2 published the press release?

3 A. I do know by way of the 1988, what is it,
4 the March issue of NAB Convention on Broadcast
5 Engineering that it was contained in there.
6 Obviously they encapsulated it.

7 Q. Was it also published in a publication
8 called Vending Times?

9 A. Yes, it was. For the most part they
10 carried it almost in its entirety.

11 Q. Did Vending Times publish it in February of
12 1988?

13 A. Well, from this document, unfortunately, I
14 can't verify that.

15 MR. NELSON: Let's mark the next
16 exhibit as Sheedy Exhibit 4.

17 (Thereupon, Sheedy Exhibit Number 4 was
18 marked for Identification by the reporter.)

19 Q. (By Mr. Nelson) What is Sheedy Exhibit 4?

20 A. It appears to be the full page reproduction
21 of February, 1988 Vending Times, Page 98, which would
22 match the cut-out that appeared in my collection of
23 documents.

24 Q. The article published in the February, 1988
25 version of Vending Times is essentially the press

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1 announcing an already completed and finished juke box
2 that we had already demonstrated.

3 Q. Can you describe the juke box that you had
4 already demonstrated as of January 30, 1988?

5 A. At I believe it was 4125 Martin Highway in
6 Palm City, Florida we demonstrated to basically Mike
7 Krebsler, his partner, which owned a company called
8 Gemco to Leonard, Senior, who I understood owned Coin
9 Op of Stuart, to Bobby Lord, and I think a lot of the
10 employees of the company, basically a juke box
11 without the cabinet.

12 Basically anybody could walk up to it,
13 select a song they wanted to play and the thing would
14 play. We first tried to demonstrate it where they
15 had to put a quarter in. We had to give them the
16 quarters, they were too cheap to put them in the coin
17 changer. Then we just set it on free play and let
18 them play with it. But that was the demonstration of
19 our idea.

20 Q. The juke box that you demonstrated was
21 based on the Digital Audio Broadcast System you had
22 developed for radio stations?

23 A. Right. It was a -- obviously a less
24 complicated version.

25 Q. The juke box included a personal computer?

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1 release that you had prepared for your digital juke
2 box?

3 A. It is identical, except my copy in my
4 confidential papers did not contain the header.

5 Q. The press release that we described that
6 we've talked about already specifically relates to
7 your Audio Broadcast System, correct?

8 A. The previous items marked SH -- well, I am
9 not going to go through all the zeros, but previously
10 marked 30 through 33 were worded specifically for the
11 broadcast market; however, there was a dual release
12 made at the same time just with wording change
13 slightly, which are reflected in Exhibit 35, 36 and
14 37, which, in essence, is really, umm, what's
15 referred to in the Vending Times article. However,
16 the articles, if you read them, are interchangeable.

17 Q. The pages you're referring to, what you
18 called Exhibits 35 through 37?

19 A. They are actually from Sheedy Exhibit 3.

20 Q. Exhibit 3, those are the pages?

21 A. Pages 35 through 37.

22 Q. The press release that you prepared for the
23 digital juke box system, did it announce a juke box
24 that you were offering for sale at the time?

25 A. As a matter of fact, it was actually

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1 A. It was a personal computer. It was a lunch
2 box.

3 Q. By lunch box, what do you mean?

4 A. Well, now we have what we call lap tops.
5 Back then it was considered to be way ahead of our
6 times to be able to carry around a device that was
7 about half the size of a overnight bag and that
8 usually contained an LCD screen and a smaller version
9 of a full-blown computer and they referred to those
10 as lunch boxes.

11 Q. The juke box that you demonstrated had
12 stored digital song information?

13 A. I think we had 30 songs on it.

14 Q. How was the operator of the juke box able
15 to select which song to play?

16 A. Oh, after we either gave them the quarter
17 or we turned it to free play, they just simply walked
18 up and hit a corresponding key to the song that was
19 on the display list. Basically it was a number that
20 they punched in and hit enter.

21 Q. Based on the number they punched in, the
22 computer was able to select the song off the hard
23 file of the computer?

24 A. Right.

25 Q. Were song titles displayed on the screen?

<p style="text-align: right;">38</p> <p>1 A. Song title, artist, and I forgot what the 2 logo was we had to the right of this whole thing were 3 displayed at all times on there. But when the song 4 came up to play, it actually brought up background 5 information on the artist, it was just kind of a 6 relook to the screen of what normally would have been 7 seen by the broadcast person.</p> <p>8 Q. The computer would have some means for 9 linking the song title to the song, the artist to the 10 song.</p> <p>11 A. That was based on the operating system.</p> <p>12 Q. The computer knew that when the user 13 selected a particular song title by pressing a 14 corresponding key, that the user wanted to hear 15 the --</p> <p>16 A. The song at a particular address.</p> <p>17 Q. Did the juke box computer have an audio 18 production card that converted the digital song 19 information to audio that could be heard as the song?</p> <p>20 A. It had the VP-601 at that time.</p> <p>21 Q. And the VP-601 was a separate computer card 22 that converted digital song information to audio?</p> <p>23 A. It was the I.O. or input/output device that 24 linked the digital information to the analog world.</p> <p>25 Q. And how did it link the digital information</p>	<p style="text-align: right;">40</p> <p>1 A. It could have been well beyond just the 2 name and the title. It could have been all kinds of 3 frills. It could have been the total timing of the 4 song, it could be its relationship to a certain type 5 of music industry, it could have been anything that 6 was considered pertinent following information.</p> <p>7 Q. You keep using the word could have. I kind 8 of want to know what did happen.</p> <p>9 What information was downloaded from the 10 main computer to the juke box's computer over the 11 serial line?</p> <p>12 A. Whatever that operator had end-coded into 13 it, as far as background information.</p> <p>14 Q. Do you recall --</p> <p>15 A. They may not have gone beyond the name, the 16 title, the artist, umm, or the play sequence, yet 17 they may have gone well beyond that with trivia. 18 They may have added -- there was a wide open field. 19 There was no limitation on what you could add to 20 your -- the basic information.</p> <p>21 Q. What do you recall was the information that 22 was transferred to the digital juke box that you 23 demonstrated in 1988?</p> <p>24 A. Well, I remember specifically what came up 25 on the digital juke box, which obviously would have</p>
<p style="text-align: right;">39</p> <p>1 to the analog world?</p> <p>2 A. The computer would play digital information 3 to that card, the card would decipher that 4 information and convert it into an analog signal.</p> <p>5 Q. Okay. Was there a speaker associated with 6 your juke box?</p> <p>7 A. We had at that time a McIntosh 100 watt 8 twin tetrode amplifier hooked up to two huge Bose 9 speakers.</p> <p>10 Q. How did you load songs into the hard drive 11 of the digital juke box?</p> <p>12 A. We originally, for this demo, set up a 13 serial link and just downloaded the information.</p> <p>14 Q. The serial link was with a main or --</p> <p>15 A. With our main frame back to the lunch box.</p> <p>16 Q. Okay. The main frame had a library of 17 songs that were stored in digital format?</p> <p>18 A. A limited library.</p> <p>19 Q. Did the main frame also store information 20 such as the song title, type of music, music artists, 21 the other information you said was --</p> <p>22 A. Any pertinent information so chosen by the 23 person end-coding that information would have been 24 carried with it.</p> <p>25 Q. And by --</p>	<p style="text-align: right;">41</p> <p>1 to have been downloaded from the main frame to begin 2 with.</p> <p>3 Q. Right.</p> <p>4 A. What came up was obviously the ten songs 5 that they could select to play from. There was a 6 logo, which is very fuzzy in my mind right now, but 7 there was some sort of logo that we created that was 8 up in a corner on the screen, and I think it -- it 9 had the word digital juke box someplace in the design 10 thing there. But we certainly had a banner we had 11 created in the art department that said the 19th 12 Century Juke Box. We weren't real creative on those 13 things.</p> <p>14 Then when you walked up to it, you had 15 title of song and artist and a corresponding number. 16 What you would do is go to the key pad -- now this is 17 presuming you paid for it or we gave you a free play, 18 you would punch in that number and initially you hit 19 enter, the final key pads were going to have numbers 20 and it would hit play or select. It didn't say 21 enter, but it meant the same thing.</p> <p>22 When you hit that button, that told the 23 hard drive to spit up the information and then the 24 interface board, which was the VP-601 simply supplied 25 the output to the amplifiers and the amplifiers</p>

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1 pounded away on the speakers, and that was
 2 essentially what was there.
 3 We did get a little fancier with it about a
 4 week later. I remember we created a Coca-Cola
 5 moniker on it and that would flash up if you weren't
 6 working on a selection at that moment. We then got
 7 fancier when Leonard came to us and said, look, you
 8 know, blah, blah, blah, whatever, and we put a whole
 9 bunch of weird things on there, you know, buy more
 10 salted peanuts. I don't know, we were putting all
 11 kinds of weird things on it to satisfy curiosity.

12 Q. Weird things would have included
 13 advertising?

14 A. Could have been anything. I don't think
 15 anybody got paid for the advertising, but the point
 16 was we were proving to somebody who was computer
 17 illiterate that there was only limited by imagination
 18 what could be done with it. Pick a point and go,
 19 that's essentially what it was.

20 Q. In your digital juke box that you were
 21 demonstrating in early 1988, did the computer track
 22 song usage as songs were played?

23 A. Bobby Lord mentioned that as ASCAP, BMI,
 24 SECAM and there were a host of other people had all
 25 what you call royalty rights.

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1 We wanted to try and get the cooperation of
 2 these licensing people to recognize that A, they
 3 would get the 75 bucks but we could actually give
 4 them a very reliable tracking system, but it also had
 5 an ulterior motive. The ulterior motive was that you
 6 could only handle so many coins in the coin box. It
 7 could be \$200, it could be \$500, but when you've --
 8 when you got to a certain point, you wanted to do a
 9 collection at that juke box.

10 Typically the operators were savvy enough
 11 to realize that if you had a very active bar, you
 12 needed to stop by twice a week, yank the coin box and
 13 get out alive. What we suggested was that we could
 14 do an actual counting of every quarter that went
 15 through there, it would automatically let the
 16 operator know and solve two problems; A, he might
 17 have to send somebody out there three times this week
 18 because that juke box is real active and, of course,
 19 once you get full, it isn't going to play anymore
 20 because you can't put anymore quarters in and
 21 everybody's losing revenue; or, B, your driver's
 22 ripping you off because he is skimming the top of the
 23 bag and when he gets back, as long as his route is
 24 within a percentage, the operator says, I'm probably
 25 getting my money, or it's the cost of doing business,

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1 Q. To the songs?
 2 A. To the songs. Basically it's a
 3 conglomeration of fraud, but we won't go into that
 4 issue. What happens is, was these licensing parties
 5 pretend to collect fees in the name of the artist or
 6 the song writer on the auspices of making sure they
 7 get paid for their hard work and their origination.
 8 The parties who should be receiving this money seldom
 9 receive much value, most of it seems to be eaten up
 10 in administration, but we realized there was a legal
 11 problem for the operator of the juke box if we
 12 weren't able to show ASCAP BMI, for example, that we
 13 could track the number of plays and we could usually
 14 generate revenue information. So they could not
 15 complain that an operator could cheat them out of
 16 money.

17 The typical licensing situation at that
 18 time was, you paid approximately \$75 a year to obtain
 19 a little sticker from -- usually it was the P.O.T. or
 20 the copyright office in Washington, you pasted it on
 21 your machine and it said here, for whatever I played
 22 in here, I paid my 75 bucks for this machine. I
 23 don't know what happened when the copyright office
 24 got their 75 bucks, but that's essentially what you
 25 did.

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1 however you want to do it.
 2 Uh, we resolved that initial issue by
 3 showing A, we could account for every time a song
 4 played for the purposes of popularity and chart
 5 recording, all these different things that were
 6 valuable, but we also could track that cash door and
 7 we could call for help either when the drawer was
 8 getting full or the machine was malfunctioning.

9 Q. How would you call for help with the
 10 digital juke box?

11 A. Originally it was presumed that we would
 12 share a phone line in the place. Umm, and
 13 basically -- the machine, when certain parameters
 14 happened, it triggered a call. The thing would call,
 15 it would provide a digital number, which it would
 16 actually call the operator's P.C., connect by modem,
 17 it would report machine number one, two, three,
 18 condition number four and it would hang up.

19 Now in the operator's P.C., condition
 20 number four comes up, help, I'm being stolen. It
 21 could mean anything you want it to mean. But
 22 essentially that's what it did, it reported a
 23 condition. We theorized that we were going to send
 24 songs downline after hours like midnight on, but we
 25 discovered that without significant advances in

<p style="text-align: center;">46</p> <p>1 compression technology, downloading because of the 2 limited band width of the phone line and modems at 3 that time was a hindrance. It would take the 4 download, one song might take 20 minutes to download. 5 That was not economical.</p> <p>6 So it was -- we devised another lunch box 7 computer, which the operator would turn around and 8 load and it would have specific serial numbers 9 attached to it, the service guy, if you want, or the 10 bag guy would go in there, he would plug into the 11 serial interface on the computer while he was 12 cleaning up everything and locking the coins and the 13 computers would talk to each other, they would 14 exchange information and download new songs, erase 15 songs that weren't supposed to be on the hard drive, 16 would update themselves, he'd pick up the computer, 17 cash bag and go back to his truck.</p> <p>18 At night he would turn in the cash bag and 19 the computer, the computer would then be upgraded for 20 his next route and it would do the same thing on 21 those places he was going by. Cause you may have an 22 old lady's bar who, you know, may not want acid rock 23 and heavy metal, they may have their selection of 24 songs, so each computer -- it was programmed to 25 exchange the information with each computer based</p>	<p style="text-align: center;">48</p> <p>1 A. It was published -- wound up being 2 published in England. Umm, as far as which magazines 3 was it published in, three and four months later I 4 was getting copies of magazines from other places 5 that I had never even made the release to that it 6 showed up in.</p> <p>7 Q. Did you get any inquiries from potential 8 buyers of your juke box system based on the 9 publications?</p> <p>10 A. Surprisingly even before I got my copy of 11 Vending Times, I had received at least two phone 12 calls and within days of my getting my physical copy 13 of Vending Times, I had received two letters.</p> <p>14 Q. And you've saved some of these letters and 15 I believe we have those as exhibits, so let me mark 16 the next series of exhibits.</p> <p>17 THE WITNESS: Let me take a break while 18 you're marking these.</p> <p>19 MR. NELSON: Sure. (Thereupon, a brief recess was taken.)</p> <p>20 (Thereupon, Sheedy Exhibit Numbers 5 21 through 11 were marked for Identification 22 by the reporter.)</p> <p>23 Q. (By Mr. Nelson) You should have in front 24 of you now what's been marked Sheedy Exhibits 5, 6,</p>
<p style="text-align: center;">47</p> <p>1 upon obviously the operator's knowledge of where it's 2 sitting and what is preferred by that location.</p> <p>3 So you actually had three computers in this 4 type of a chain all interfacing with each other, some 5 locally and some by remote.</p> <p>6 Q. You had developed this system of having 7 digital juke box services by other computers by early 8 1988, correct?</p> <p>9 A. Absolutely correct.</p> <p>10 MR. MURPHY: Object; I think that 11 doesn't state the testimony properly.</p> <p>12 Q. (By Mr. Nelson) The press release dated 13 January 30, 1988 was after you had completed this 14 development work?</p> <p>15 A. That is correct.</p> <p>16 Q. What was the purpose of the press release 17 on the juke box that you released in January of 1988?</p> <p>18 A. Umm, frankly to get buyers.</p> <p>19 Q. Buyers of the juke box?</p> <p>20 A. Of the juke box and of the technology.</p> <p>21 Q. Now as shown in one of the exhibits, the 22 press release was actually published in Vending Times 23 in February of 1988, correct?</p> <p>24 A. Correct.</p> <p>25 Q. Was it published anywhere else?</p>	<p style="text-align: center;">49</p> <p>1 7, 8, 9, 10, and 11.</p> <p>2 A. Yes, I do.</p> <p>3 Q. Are each of these letters that you received 4 in response to the publication of your digital juke 5 box system in the Vending Times article, 6 February, 1988?</p> <p>7 A. Referring to Sheedy Exhibit 5, that is from 8 Seeburg Corporation dated 24, February, '88 addressed 9 to me, uh, at my corporate office in Palm Beach, 359 10 South County Road.</p> <p>11 Q. Still on Exhibit 5, the Seeburg Corporation 12 letter mentions that they foresee legal problems in 13 obtaining rights to playing copyrighted music on juke 14 boxes?</p> <p>15 A. That is correct.</p> <p>16 Q. Is it your understanding the Seeburg 17 Corporation chose not to purchase your digital juke 18 boxes because of that potential legal problem?</p> <p>19 MR. MURPHY: Objection, foundation.</p> <p>20 THE WITNESS: Based only on the letter 21 itself, it would appear that is their reason 22 for having not gone forward. There were two 23 telephone calls, I remember, with John 24 Chapin and basically they expressed an interest in it, but said that until this</p>

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<p style="text-align: center;">50</p> <p>1 obstacle with the licensing could be 2 accomplished, that they didn't see it as a 3 viable item for them to undertake. 4 Exhibit Number 6 is from Automatic 5 Products Company, again, addressed to me. 6 Here they're asking for brochures and 7 prices, which was typical of the phone 8 calls, many of which were never reduced to 9 writing, but I took notes and sent them 10 product information and early pricing. 11 Q. (By Mr. Nelson) What types of product 12 information and early pricing information were you 13 distributing in early 1988 for your digital juke box? 14 A. We would have to go back to Exhibit Number 15 3 to beginning at Page 46 or beginning at SHE-46 of 16 the classified information disclosure, the technical 17 specifications were disclosed in two pages, which 18 were referred to as 46 and 47. Sometimes, not 19 always, the overview was included, which would also 20 have included 48 and 49 and 50 of that disclosure. 21 Q. And the information on these pages that 22 you've just identified was routinely sent by you in 23 response to inquiries regarding your digital juke 24 box? 25 A. Right. That's what I considered basic</p>	<p style="text-align: center;">52</p> <p>1 Q. We haven't talked about it, but the other 2 exhibits, Exhibits 7 through 10, do they all 3 represent letters you received from people interested 4 in your digital juke boxes? 5 A. Of the ones I kept. 6 Q. Were there other letters that have been 7 lost or thrown away in the years? 8 A. To my knowledge, the best of my 9 recollection anyway, there could have been over 200, 10 but these were coming in dribbles and drabbles and 11 batches. I mean, I was getting letters similar to 12 this months after I had concluded agreements with 13 Leonard and Mike and Alan Black, still getting 14 letters. Basically I simply referred them back and 15 probably just threw them away because there was 16 nothing else I was going to do. They weren't, as 17 these, turned out to be collectibles, so -- 18 Q. Your agreement with Mike Leonard, what 19 was -- what did you do under that agreement with Mike 20 Leonard as far as developing a marketable digital 21 juke box? 22 A. Umm, well Mike was very good at the coin 23 business. 24 Q. By coin business, you're referring to 25 machines that are coin operated, you put a quarter in</p>
<p style="text-align: center;">51</p> <p>1 public disclosure information. It is included as 2 classified information, but not that it was 3 classified. 4 Q. Were there individuals that you entered 5 into agreements with for your digital juke box? 6 A. Mike Leonard and his father, which I think 7 was Mike Leonard, Senior, all operating under the 8 name of Coin Op. I entered into an agreement with 9 Mike Leonard, Junior, which was to cover all Coin Op 10 locations. 11 Uh, we were trying to develop the Micsean 12 Corporation, which was to build, market and profit 13 from the digital audio juke box within the United 14 States. I also entered into an exclusive agreement 15 with Sound Leisure, LLC, in Leeds, England with a 16 principal by the name of Alan Black. 17 Q. Is there a letter from Sound Leisure that's 18 marked as Sheedy Exhibit 11? 19 A. Yes, there is. 20 Q. Is the Sheedy Exhibit 11 the first inquiry 21 you had from Sound Leisure about your digital juke 22 box? 23 A. I had received a brief telephone call. 24 Q. Before receiving this letter? 25 A. Before officially receiving the letter.</p>	<p style="text-align: center;">53</p> <p>1 and the machine does something? 2 A. Essentially good at maintaining and 3 collecting in the coin business, which would be juke 4 boxes, condom dispensers, you name it, they are into 5 everything. As far as the digital juke box, his 6 primary responsibility was to contact some friends 7 that he had at a University to help us develop a 8 better compression method, cause this was going to be 9 a -- at that time an insurmountable problem. But he 10 also was to provide some of the background and 11 guidance in what could best be described as tutoring 12 for the Coin Op business. 13 We were going to have to jointly find a 14 manufacturer, obviously, of cabinets or choose to 15 convert existing cabinets over to the new technology 16 and at the same time we were going to have to find 17 some legal representation to deal with the licensing 18 issues. 19 MR. NELSON: Let me mark as the next 20 Exhibit 12 and we'll mark 13, as well. 21 (Thereupon, Sheedy Exhibit Numbers 12 & 13 22 were marked for Identification by the 23 reporter.) 24 Q. (By Mr. Nelson) Can you identify Sheedy 25 Exhibit 12?</p>

<p style="text-align: right;">54</p> <p>1 A. It is a photocopy of two business cards. 2 Q. One of the business cards is to Mike 3 Leonard of Coin Op Specialists, correct? 4 A. That is correct, president. 5 Q. Is this the Mike Leonard you've been 6 referring to and whom you entered into an agreement 7 with that developed juke boxes? 8 A. One in the same. 9 Q. Who is Mike Lorenz who is on the other 10 business card? 11 A. Mike Lorenz was another person who met with 12 me in Stuart, Florida, the same as Mike, Junior met 13 with me in Stuart, umm, or Palm City, if you will, 14 inquiring about the digital juke box. 15 Q. Did you demonstrate your digital juke box 16 to Mike Lorenz? 17 A. Absolutely. 18 Q. Can we identify Sheedy Exhibit 13? 19 A. This is an agreement to incorporate. 20 Q. Is it an agreement between you and Mike 21 Leonard? 22 A. Refers to Micsean, Inc., and, yes, it is. 23 MEL on some of the corrections to be made would be 24 Mike Leonard's notations along with my signatures. 25 Q. Was this the agreement under which you and</p>	<p style="text-align: right;">56</p> <p>1 whole bunch of other people that I would say loosely 2 were maybe some of his clients, maybe some of the bar 3 owners, maybe other smaller operators. I honestly do 4 not remember most of them. It was just a big kind of 5 gathering of people, maybe 50, 60 people. 6 Q. Clients, you are referring to bar owners 7 and owners of other establishments that would 8 purchase or lease coin op machines from Mike Leonard? 9 A. I would have to make that assumption. Or 10 he had an awfully big extended family. 11 Q. Why was the digital juke box being 12 demonstrated to this large group of clients of Mike 13 Leonard? 14 A. The purpose was in the immediate area to 15 try and obtain advance placement contracts for 16 locations and, obviously, to get as much publicity as 17 possible. 18 Q. This was publicity in advanced placements 19 of digital juke box of bars and the other 20 establishments that juke boxes are commonly found? 21 A. Right. We wanted everyone to know that we 22 had birthed this baby and come sign up because what 23 we intended to do was to show that there was enough 24 momentum that we could go to backers and obtain the 25 rather extensive financial backing that we felt would</p>
<p style="text-align: right;">55</p> <p>1 Mike Leonard worked to try to develop a commercial 2 digital juke box? 3 A. That is correct. And if I might say, on 4 page or reference to SCH-701 of Exhibit 13, 5 Section Seven, Signing Articles; First Directors, 6 both of our names are indicated. 7 Q. All right. During what period of time did 8 you and Mike Leonard work together to try to develop 9 a commercial digital juke box? 10 A. Vigorously for probably three months. 11 Q. In 1988? 12 A. Yes, sir. 13 Q. Together did you demonstrate the digital 14 juke box to anyone? 15 A. We had a party, cocktail party, if you 16 would, roughly at his main facility after having 17 demonstrated it loosely to the employees and some 18 other people. 19 Q. Is his main facility in Michigan? 20 A. Yes, it is. 21 Q. Who was invited to this cocktail party? 22 A. Umm, other than his route manager and a few 23 other people I had been minorly introduced to, there 24 was two people I presume were from the press because 25 they were taking pictures and taking notes and then a</p>	<p style="text-align: right;">57</p> <p>1 be necessary to deal with this issue on all fronts. 2 Q. What do you mean by deal with the whole 3 issue on all fronts? 4 A. Obviously the licensing was going to be our 5 biggest headache. 6 Q. Licensing of songs to play on a juke box? 7 A. Right. However, we were going to have to 8 buy a tremendous amount of equipment, which nowadays 9 is nickels and dimes, back then it was dollars and 10 dollars. Mike Leonard did not, apparently, have the 11 financial depth to undertake that entirely on his 12 own. I assuredly did not. So, obviously, we needed 13 to find investors. You have to go public. By going 14 public, you also have to prove there is a market for 15 the item you've developed, and this is one of the 16 methods. 17 MR. NELSON: Okay. Let's mark as the 18 next exhibit what appears to be a joint 19 venture agreement between Micsean and Sound 20 Leisure. 21 (Thereupon, Sheedy Exhibit Number 14 was 22 marked for Identification by the reporter.) 23 Q. (By Mr. Nelson) What's Exhibit 14? 24 A. Well, it's titled Micsean, Inc. slash Sound 25 Leisure, Joint Venture Agreement, dated July 23rd,</p>

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1 dual location both Michigan and England.
 2 Q. Sound Leisure was a company in England that
 3 manufactured juke boxes?
 4 A. Yes, that was owned by Alan Black.
 5 Q. And did you, Alan Black and Sound Leisure
 6 form -- let me restart the question.
 7 Did you and Sound Leisure attempt to
 8 develop a digital juke box?
 9 A. We attempted to take the existing
 10 development further.
 11 Q. So the existing development is the digital
 12 juke box that you had developed?
 13 A. Correct.
 14 Q. The digital juke box that you had
 15 developed, you had proven that it would work as a
 16 digital juke box, correct?
 17 A. Absolutely.
 18 Q. Was it in the cabinets and did it have,
 19 umm, the other trappings that would be associated
 20 with a device actually put in a bar or tavern?
 21 MR. MURPHY: Objection, vague.
 22 THE WITNESS: It was -- we had
 23 converted a Stromberg upright home record
 24 player antique into the first cabinet that
 25 we physically housed the digital juke box

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1 me to only take the lunch box with the full operating
 2 system and the digitized songs and some of the
 3 programming information over to England.
 4 Q. Before you left for England, did you meet
 5 with someone at Sound Leisure in your home?
 6 A. Shortly after getting the letter, there
 7 were several telephone calls between myself and Alan
 8 Black and he identified Colin Holloway with Atom
 9 Computer in Nottingham, England.
 10 And Atom Computer manufactured the
 11 computerized guts that went into his existing juke
 12 box line and also the amplifier boards and the coin
 13 selector boards. And Colin Holloway was due to be in
 14 the United States on a vacation with his family in
 15 Miami. That's probably when it was a little safer to
 16 be there.
 17 And the arrangement was made apparently
 18 between Alan and Colin to come by and see me while he
 19 was on vacation and to see the demonstration on my
 20 dining room table of the lunch box, which he did do.
 21 Q. Okay. After you met with Colin Holloway,
 22 you then went to England to visit Alan Black at Sound
 23 Leisure?
 24 A. Correct.
 25 Q. And you took the lunch box digital juke box

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1 in. It was our intention, but it was not
 2 then done prior to flying to England, to
 3 also convert the Rowe cabinet by gutting it
 4 and put everything in the Rowe cabinet.
 5 We were waiting on a keyboard
 6 manufacturer to give us a membrane keyboard,
 7 we were waiting on a new LCD screen that we
 8 had ordered that would fit the entire front
 9 display area. We already had -- I think
 10 there was some Crown solid state amps that
 11 were in the bottom of the cabinet, the sides
 12 were cut out for two big 15-inch speakers
 13 and we did have the basic computer sitting
 14 on the side there that we were playing with
 15 and programming, but we didn't physically
 16 have it fully buckled up inside because of
 17 the components we were waiting on prior to
 18 my flying over to meet, the first time, with
 19 Alan Black. It was a work in progress. An
 20 adaptation of the existing work in progress.
 21 Q. (By Mr. Nelson) Did you show this digital
 22 juke box in the first cabinet that you had developed
 23 to Sound Leisure?
 24 A. Uh, because of the problems with trying to
 25 move such a big piece of equipment, it was elected by

1 with you on your trip to England?
 2 A. That is correct.
 3 Q. I take it you demonstrated your digital
 4 juke box to Alan Black in England?
 5 A. And several other parties, as well as a --
 6 there was a big press gathering he called one day and
 7 we demonstrated in his factory floor the digital juke
 8 box to whoever the people were that showed up.
 9 Again, I was assuming that most of these people were
 10 press because of the way they were outfitted, but
 11 there were a lot of -- I think many of Sound
 12 Leisure's major customers were there, also.
 13 Q. This is after -- this press gathering was
 14 after you had entered into an agreement with Alan
 15 Black for him to further develop your digital juke
 16 box?
 17 A. I had given him -- I had released all of my
 18 rights or interests to him to represent it in England
 19 or actually overseas.
 20 MR. NELSON: Let me mark as the next
 21 exhibit, Number 15.
 22 (Thereupon, Sheedy Exhibit Number 15 was
 23 marked for Identification by the reporter.)
 24 Q. (By Mr. Nelson) Sheedy Exhibit 15 appears
 25 to be, on its first page, a copy of the letter you

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<p>1 received from Sound Leisure in April of 1988 and 2 beginning on the second page a document titled 3 general agreement, correct? 4 A. That is correct. 5 Q. Can you describe what the general agreement 6 is? 7 A. Uh, the general agreement was essentially a 8 description of how much money I wanted for giving up 9 rights and interest exclusively to Sound Leisure or 10 Alan Black. I know it says Albert Truelove, his name 11 is Alan Black, but it's one in the same person. 12 And it discusses the timing of payments, it 13 discusses the method of payment, says that -- also 14 seems to be a few typos there, but anyway, it also 15 says that the production marketing of units and 16 technology will be delivered to Sound Leisure upon 17 final agreement. 18 Q. This agreement requires you to produce 19 units slash technology for sale to Sound Leisure? 20 A. Correct. 21 Q. What were the units slash technology that 22 you were to deliver to Sound Leisure? 23 A. All of the program information, copies of 24 the coding, all technical notes, working models and I 25 think there was two working models to be delivered.</p>	<p>62</p> <p>1 was a full blown 386. 2 Q. 386 based computer? 3 A. Right. 4 Q. Did these units have audio cards? 5 A. Umm, there was one audio card in the lunch 6 box, there were two audio cards in the 386 and there 7 were 24 separate audio cards delivered. 8 Q. Did these units store digital song 9 information on hard drives that were played via the 10 audio cards on speakers in the units? 11 A. Well, there was no audio reproduction 12 speaker within the unit. Any of the units that 13 was -- that was always an external device, but on the 14 386 I believe there were a hundred songs that had 15 been stored on the hard drive. On the lunch box I 16 think there was 12 to 15. 17 Q. Did these units have video screens? 18 A. The 386 was shipped over minus a monitor, 19 only because you could pick up a monitor over there 20 and to save weight on the freight, it was 21 unnecessary. It contained everything complete, 22 except for the visual display screen. Lunch box had 23 an integral LCD screen, so obviously it was shipped 24 with the screen. 25 Q. Were these units, did they have the</p>
<p>1 Q. Working models were working models of -- 2 A. Of the digital juke box without a skin. 3 Q. A skin was like the wood cabinet? 4 A. Wood cabinet, whatever it was going to be 5 mounted in. 6 Q. All of the technology for a digital juke 7 box that would download information into the juke box 8 and play music through audio speakers was included in 9 these? 10 MR. MURPHY: Objection, leading. 11 THE WITNESS: All the necessary 12 information to have a fully functional 13 system, both from the point of user 14 interface, operator interface, storage or 15 device configuration. 16 Q. (By Mr. Nelson) Did you actually deliver 17 units to Sound Leisure? 18 A. Two were delivered. 19 Q. Were these units assembled in the United 20 States? 21 A. Uh, the units were built at 1021-10th Way, 22 West Palm Beach, Florida. 23 Q. Were these units the lunch box computer 24 digital juke box you had previously mentioned? 25 A. One was a lunch box model, the other one</p>	<p>63</p> <p>1 programming information for creating screen displays 2 that would allow the selection of music stored on the 3 hard drive? 4 A. A spare hard drive and the 386's internal 5 hard drive did. The lunch box just had the play 6 function, as a juke box would. 7 Q. What do you mean by the play function? 8 A. Whatever you created and downloaded would 9 be what would appear on the play box. 10 Q. And -- 11 A. You wouldn't do programming from the play 12 box, as such. 13 Q. Okay. And what do you mean by downloading? 14 A. By serial interface or hard drive to hard 15 drive, copy for example, some method -- 16 Q. Of song information and song title 17 information and other such information? 18 A. Well, whatever digital information 19 comprised the background information of what you were 20 putting on that computer. I mean, if you were 21 dealing only with narrowing your focus to song 22 information, it would be common to have the artist, 23 the name of the song and relative information, but 24 obviously that can't exist without the support 25 information, so obviously the support information</p>

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<p style="text-align: center;">66</p> <p>1 gets downloaded too, to make it work. 2 But the playback computer has no reason to 3 be a fully functional development computer, so, 4 therefore, it only needs to be able to take in and 5 spit out digital information within a limited 6 programmer and parameter, and that's what that did. 7 386 was your full blown development computer that 8 contained all of the programs, many things that were 9 superfluous that were to the sound computer.</p> <p>10 Q. Did Sound Leisure pay you for the delivery 11 of these digital juke boxes?</p> <p>12 A. Yes, they did.</p> <p>13 Q. There are diagrams included in Sheedy 14 Exhibit 15 on Page 3 and 4. Do these diagrams show 15 schematically the devices that you delivered to Sound 16 Leisure?</p> <p>17 A. They do.</p> <p>18 Q. Can you describe generally what is shown on 19 Page 3?</p> <p>20 A. Umm, well, essentially it's what we 21 referred to as a block diagram. What we're talking 22 about is how something functions. We're exploding to 23 some detail certain items you wish to identify and 24 their relevance to the system.</p> <p>25 For example, if you take the center focused</p>	<p style="text-align: center;">68</p> <p>1 carrying that information, the top half would be the 2 song list and advertisement. God only knows what 3 they might want to put on it. 4 As far as the L.S., that basically stood 5 for loud speaker, which would come off the amps, 6 which were part of each of the monitor positions. 7 Q. Next to the block labeled hard drive, 8 there's the phrase up to 200. What does that phrase 9 refer to? 10 A. That was the minimum requirement that we 11 settled on at that time for there to be a viable juke 12 box. 13 Q. Two hundred of what? 14 A. Songs. 15 Q. Okay. Between the box labeled computer 16 juke box and the box labeled digital audio central, 17 there's a line with some arrows and other markings on 18 it. What does the line and other markings represent? 19 A. They basically represent theoretically 20 telephone line or some dial up network at both ends. 21 There would obviously need to be a modem or waiting 22 interface that network and that would allow as 23 written in there two way communications via the phone 24 line. 25 Q. Can you describe what the digital audio</p>
<p style="text-align: center;">67</p> <p>1 item, which says, computer juke box, that's what's 2 going to be at the tavern, if you will. There's a 3 keyboard input, which is connected to this juke box, 4 there's a hard drive that is an intricate part of it. 5 You have a -- what we call a DSP, means Digital 6 Signal Processing, it basically converts digital 7 information to visual information in analog mode, 8 which is how we, as humans, deal with our world. 9 That could drive a monitor, whether it be 10 an LCD or standard computer monitor in this case, 11 here the idea was that you would be able to have -- 12 they had a -- some sort of a -- they are very heavy 13 on sports over there. We may think we are heavy into 14 sports, they live it. And what they have is all 15 these little soccer matches and all this crazy stuff 16 that goes on constantly and they stop everything in 17 one of the -- of these taverns just to hear the 18 latest score. I mean, God forbid you were to take a 19 breath during one of these things. It's a serious 20 matter for them. 21 And while they do this, we thought, okay, 22 fine, we'll put that on the monitor so they can see 23 these continuing scores all over the place and the 24 local monitor on the juke box would kind of do half 25 and half. It would -- the bottom half would be</p>	<p style="text-align: center;">69</p> <p>1 central server was? 2 A. That was the -- essentially what we had at 3 the radio station. That was the production room. We 4 could write commercial graffiti in there, we could 5 create, edit, store, and send song titles, the 6 commercial advertising. Essentially once we 7 connected with the computer at the juke box location, 8 we were able to make it look like anything we wanted 9 it to look like, to collect information from that 10 site, to change information by downloading it. 11 Essentially we had control of that device at that 12 point. 13 Q. On this page there's also some date 14 information. It says date 20th, 1988. What's the -- 15 can you tell the date from that? 16 A. I think that was June. 17 Q. 20th of 1988? 18 A. I believe so. 19 Q. Just above the date is some handwriting. 20 Can you read the handwriting? 21 A. That's Alan Black's notations. One thing I 22 remember very much about him, he used to get bent out 23 of shape because I didn't label pieces of my art work 24 and he used to go through there and ask me, are we 25 referring to this or that, and then he would turn</p>

<p style="text-align: right;">70</p> <p>1 around and label it.</p> <p>2 Q. Okay. And at the heading it says proposed 3 digital juke box system, correct?</p> <p>4 A. Correct.</p> <p>5 Q. And at the very bottom is some handwriting. 6 Can you read out loud the handwriting?</p> <p>7 A. Uh, I think it says compressed digital 8 audio, perhaps, transmitted via phone line to 9 computer juke box. Hard drive holds all something 10 and something information. Few displays something, 11 something.</p> <p>12 Q. Okay. Is it your handwriting?</p> <p>13 A. That's not mine.</p> <p>14 Q. Do you know whose handwriting it is?</p> <p>15 A. That would have been Alan's.</p> <p>16 Q. The next page, which is labeled Page 4, is 17 another diagram. Is it also dated June 20th, '88?</p> <p>18 A. Right. What this was, I had -- I 19 originally had blocked out with Atom Computer, when I 20 visited with him while I was there, an operational 21 idea. When I got back to Leeds, Alan and I sat down 22 and for some reason he didn't either understand what 23 Colin and I were doing, we either had not explained 24 it correctly or he just wanted to author it in his 25 own way, so this drawing was created based upon how</p>	<p style="text-align: right;">72</p> <p>1 of course we go into our DSP in and out.</p> <p>2 Q. Can you identify where the DSP board is 3 shown?</p> <p>4 A. Shown over here on your right-hand side 5 referred to as the MK6.</p> <p>6 Q. What is -- you have another box that's 7 headed IBM PC 8086?</p> <p>8 A. Well, that's the -- it's actually the 9 mother board. That's actually the mother board.</p> <p>10 Q. That's the mother board, the box above it 11 that says IBM PC 8086?</p> <p>12 A. With the language Delanco Spry, okay, which 13 would have been the MK6 board plus the DM6 board, 14 which was their 30 C25, and then we had 380 megabytes 15 of RAM drive.</p> <p>16 Q. What's the difference between the first box 17 labeled IBM PC 8086 20 megabyte hard drive and the 18 second box labeled IBM PC 8086 Delanco Spry?</p> <p>19 A. Uh, I think the languages of an IBM PC 8086 20 is superfluous. It's nothing more than referring to 21 the 20 megabyte hard drive, which would have been an 22 ST 506 interface type board.</p> <p>23 Q. The 20 megabyte hard drive is where the 24 song files would have been stored?</p> <p>25 MR. MURPHY: Objection, foundation.</p>
<p style="text-align: right;">71</p> <p>1 he felt it should function and this was basically a 2 function diagram.</p> <p>3 Q. This is a function diagram for the digital 4 juke box?</p> <p>5 A. Right, a modified diagram.</p> <p>6 Q. Can you describe the functions that are 7 shown in this diagram?</p> <p>8 A. Well, operating off of the main computer, 9 which was referred to as an 8086 at this point, you 10 had a monitor located wherever it might be located, 11 you had select buttons, which Alan did not like the 12 idea of using a numeric pad, he wanted you to be able 13 to swap screens and select the play selection by 14 using just scroll bars.</p> <p>15 Umm, he was very big on making this whole 16 thing very simplified. Then obviously the -- where 17 you indicate the serial in and out or interfaces, 18 what we're dealing with there is showing that the 19 hard drive is connected to the computer, the basic 20 computer mother board. Umm, we have a coin mechanism 21 unit on the right-hand side or some sort of a pay 22 indicator would be deployed and we're using it 23 throughout parallel interface board.</p> <p>24 Essentially the computer looks out there, 25 says, I don't do anything until I see that. And then</p>	<p style="text-align: right;">73</p> <p>1 THE WITNESS: The -- all operating 2 information would -- for the system, whether 3 it be the song, the functional features, the 4 titling, the advertising, the program 5 itself, would all have been stored on the 6 hard drive, which is inherent to the 7 computer system.</p> <p>8 Q. (By Mr. Nelson) There are other boxes 9 shown on the diagram. There's one on the bottom 10 right-hand side that seems to be P slash P?</p> <p>11 A. I don't recall what that means.</p> <p>12 Q. Is there a loud speaker shown?</p> <p>13 A. There is a loud speaker, which is down at 14 the bottom.</p> <p>15 Q. With L slash S?</p> <p>16 A. Would have been loud speaker.</p> <p>17 Q. And one final box that may be crossed out, 18 that seems to be labeled RUC?</p> <p>19 A. That was a receiver idea and that kind of 20 failed on its own. That idea, anyway, went away.</p> <p>21 Q. Was a digital juke box produced that 22 performed the functions shown on Page 4?</p> <p>23 A. It already was in existence.</p> <p>24 Q. Was that the lunch box digital juke box 25 that you had developed?</p>

<p style="text-align: center;">74</p> <p>1 A. Correct.</p> <p>2 Q. Did Sound Leisure develop a wood cabinet 3 for your digital juke box?</p> <p>4 A. Sound Leisure already had several cabinets 5 and they just adapted one cabinet to accept what 6 Colin was going to put into the cabinet as far as the 7 proposed next phase of a finished product.</p> <p>8 Q. Do you have a picture of what the cabinet 9 looks like that Sound Leisure was going to use for 10 your digital juke box?</p> <p>11 A. It's referred to as the Colonial.</p> <p>12 Q. Okay. This is an original color copy. Do 13 you mind if we put an exhibit sticker on the back?</p> <p>14 A. On the back will be all right.</p> <p>15 MR. NELSON: We'll mark this as the 16 next exhibit.</p> <p>17 MR. MURPHY: I object. I haven't seen 18 this ever before today and I am not sure 19 what this is or where it came from.</p> <p>20 THE WITNESS: He didn't see it before 21 today either, because I came across it -- he 22 saw it today at breakfast or actually when 23 we walked in here I mentioned it and he saw 24 it when we walked in.</p> <p>25 MR. MURPHY: Mark it.</p>	<p style="text-align: center;">76</p> <p>1 this unit that they had received in the back of his 2 factory for that.</p> <p>3 Q. Who would be most knowledgeable of that?</p> <p>4 A. Alan Black, Colin Holloway.</p> <p>5 Q. While you were in England working with 6 Sound Leisure, there was a public demonstration of 7 your digital juke box that I think you've already 8 mentioned, correct?</p> <p>9 A. That is correct.</p> <p>10 Q. Do you know approximately when the public 11 demonstration occurred?</p> <p>12 A. My -- I made two trips to England. My 13 first trip I was routed to Gatwick and then I was met 14 by Colin and his wife and I spent two nights in 15 Nottingham. We then traveled via Tube, which was 16 quite an experience.</p> <p>17 Q. Tube is the London subway?</p> <p>18 A. Railway, whatever you want to call it. If 19 you don't have good legs, you don't stand up very 20 long in that thing. It moves fast and it sways.</p> <p>21 Umm, we wound up in Leeds, England on the third day 22 and on the fourth day, which was the day after I 23 arrived in Leeds, they had this big introduction. So 24 it was the fourth day of my trip.</p> <p>25 If you want me to give you an exact date, I</p>
<p style="text-align: center;">75</p> <p>1 (Thereupon, Sheedy Exhibit Number 16 was 2 marked for Identification by the reporter.)</p> <p>3 Q. (By Mr. Nelson) Can you identify Exhibit 4 16?</p> <p>5 A. Exhibit 16 is a, yeah, advertising sheet, I 6 guess was the best way to describe it, of what Sound 7 Leisure was already selling at the time called the 8 Colonial. Basically a beautiful piece of cabinetry 9 that had a juke box stored inside of it, a standard 10 juke box at that point and it was Alan's suggestion 11 and Colin was designing his computer boards and 12 display screen and so forth, to fit this cabinet.</p> <p>13 I was not beyond being told this will be 14 the first one that they will make their introductions 15 with, was not physically involved with this 16 particular cabinet, this particular situation.</p> <p>17 Q. Say that again. You understood that this 18 cabinet was to receive your digital juke box or 19 you --</p> <p>20 A. Correct. Correct. Only I did not put it 21 in there and I was not there at the time Colin did 22 fit it. I had already come back to the United States 23 because Colin was waiting on parts and after I got 24 back to the United States, I understood, but do not 25 have first-hand knowledge, that they had converted</p>	<p style="text-align: center;">77</p> <p>1 would have to have my airline tickets to refer to and 2 you have to calculate the fourth day. It might have 3 been covered by one of those news articles, those 4 English news articles.</p> <p>5 MR. NELSON: Let's do that. Let's mark 6 as the next series of exhibits these 7 articles.</p> <p>8 (Thereupon, Sheedy Exhibit Numbers 17 9 through 19 were marked for Identification 10 by the reporter.)</p> <p>11 Q. (By Mr. Nelson) Would you identify Exhibit 12 17, please?</p> <p>13 A. August 5, 1988, Number 1024 of a 14 publication Coin Slot International.</p> <p>15 Q. Does this describe the digital juke box 16 that you were developing in conjunction with Sound 17 Leisure?</p> <p>18 A. On page or referring to TT-8172, it says, 19 "Sound Leisure looks to the future."</p> <p>20 Q. Is there a description of the digital juke 21 box in that article?</p> <p>22 A. Yes, there is.</p> <p>23 Q. Okay. Can you identify where it is? And I 24 apologize, I don't know that we have a particularly 25 good copy. Let me see if I've got a better one</p>

<p style="text-align: right;">78</p> <p>1 somewhere.</p> <p>2 A. Uh, right under the banner that says by</p> <p>3 Mike Newton is the beginning of the description, Alan</p> <p>4 Black told the assembled guests, we have an</p> <p>5 international team working on the Digital Audio</p> <p>6 Playback project. I am not saying that hideaway box</p> <p>7 is a 70 disc unit. The cabinet is slightly bigger</p> <p>8 than the vinyl equivalent, and he goes onto</p> <p>9 describing it. He then talks about his CD box that</p> <p>10 he was introducing also.</p> <p>11 Digital -- here we are. Second column kind</p> <p>12 of underneath the word looks -- come down to where it</p> <p>13 looks like there was a scrunching there of something,</p> <p>14 there's like a little white banner across here, just</p> <p>15 below the white banner, second column, the Digital</p> <p>16 Audio Playback system was introduced by Sean Sheedy,</p> <p>17 part of the Sound Leisure development team, says</p> <p>18 here, based in Miami. Umm, he said, what we are</p> <p>19 dealing with is the ability to take any music, store</p> <p>20 it and play it back at demand. That doesn't make</p> <p>21 sense, but anyway, it says at demand.</p> <p>22 It does not use CD, tape or vinyl. Says</p> <p>23 you can customize each site virtually any number of</p> <p>24 selections and it goes on.</p> <p>25 MR. MURPHY: I am going to object</p>	<p style="text-align: right;">80</p> <p>1 what appears to be a page, perhaps the front</p> <p>2 page or banner page of Coin Slot</p> <p>3 International dated Friday, August 12, 1988,</p> <p>4 Number 1025.</p> <p>5 Q. (By Mr. Nelson) Did you see on the last</p> <p>6 page of that exhibit a article on Sound Leisure?</p> <p>7 A. Looks like it came from Page 5 of the same</p> <p>8 date of the same publication, umm, it's titled Sound</p> <p>9 Leisure -- keeping its options open.</p> <p>10 Q. And if you start reading from that article</p> <p>11 and the first column towards the bottom there's a</p> <p>12 paragraph that begins, flexibility is also a</p> <p>13 watchword for the new Digital Audio Playback system?</p> <p>14 A. Right.</p> <p>15 Q. Is this section of the article a</p> <p>16 description of your digital juke box?</p> <p>17 A. Well, the last paragraph, left column or</p> <p>18 first column refers to, the system has its origins in</p> <p>19 the United States, where the broadcasting industry</p> <p>20 was looking for a system which could provide instant</p> <p>21 playback of commercials, jingles and so on. The</p> <p>22 system is completely digital, using no tape, CD or</p> <p>23 vinyl, but Sean Sheedy, who is part of the Miami</p> <p>24 based development team responsible for DAP, says the</p> <p>25 sound quality is superior to anything currently</p>
<p style="text-align: right;">79</p> <p>1 before you go on. I didn't want to</p> <p>2 interrupt Mr. Sheedy. I am going to object</p> <p>3 as to foundation. There is a partial, not a</p> <p>4 complete copy of any magazine. I am going</p> <p>5 to object as to foundation, identification</p> <p>6 of the origination of this document.</p> <p>7 Q. (By Mr. Nelson) Mr. Sheedy, do you see a</p> <p>8 photograph? I know it's a bit grainy, do you see its</p> <p>9 caption, Sean Sheedy introduces the new Digital Audio</p> <p>10 Playback?</p> <p>11 A. Yes, that's when I was able to stand up at</p> <p>12 the party.</p> <p>13 Q. Okay. Can you see your digital juke box in</p> <p>14 that picture?</p> <p>15 A. That's me in the real thin tie. My lunch</p> <p>16 box is to my photographic right, my physical left and</p> <p>17 Alan's CD box that he was introducing was to the</p> <p>18 right.</p> <p>19 Q. Okay. Do you see exhibit -- Sheedy Exhibit</p> <p>20 18?</p> <p>21 A. Yes.</p> <p>22 Q. Is this a portion of the Coin Slot magazine</p> <p>23 from Friday, August 12, 1988?</p> <p>24 MR. MURPHY: Objection.</p> <p>25 THE WITNESS: Well, it's a photocopy of</p>	<p style="text-align: right;">81</p> <p>1 available.</p> <p>2 Q. Is this a publication from the public</p> <p>3 demonstration that you attended in England of the</p> <p>4 digital juke box?</p> <p>5 MR. MURPHY: Objection, foundation.</p> <p>6 THE WITNESS: This appears to be an</p> <p>7 article ensuing from that introduction,</p> <p>8 meeting, party, whatever you want to call</p> <p>9 it. I take great objection of them giving</p> <p>10 me credit for Miami.</p> <p>11 Q. (By Mr. Nelson) You see Sheedy Exhibit 19?</p> <p>12 A. I have it.</p> <p>13 Q. Do you see on the first page the caption</p> <p>14 for "21st century music?"</p> <p>15 A. I do.</p> <p>16 Q. Is that a reference to the Sound</p> <p>17 Leisures --</p> <p>18 A. This is in reference to the Digital Audio</p> <p>19 System designed for juke boxes and it looks like it's</p> <p>20 a capsule type thing based upon my information and</p> <p>21 that which was released by Alan Black.</p> <p>22 MR. MURPHY: I, again, object to</p> <p>23 foundation. Also this -- what I received,</p> <p>24 Exhibit 19, appears to be a number of pages</p> <p>25 and do you intend to make that a group</p>

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1 exhibit or is it just a single page?

2 MR. NELSON: No, it's the group
3 exhibit. That's the way it was marked.

4 Q. (By Mr. Nelson) Do you see on Page 150 an
5 article describing Sound Leisure?

6 A. I see a paragraph heading Sound Leisure.

7 Q. Does that description Sound Leisure also
8 describe the digital juke box you were developing in
9 conjunction with Sound Leisure?

10 MR. MURPHY: Objection, foundation.

11 THE WITNESS: Umm, this appears to be a
12 slamming by the juke box industry against
13 Alan Black, for the most part.

14 Q. (By Mr. Nelson) What was he being slammed
15 for?

16 A. Well, only based upon what I'm reading
17 here, it appears that he's been at odds with the juke
18 box industry and what they and he considered to be
19 technology. Umm, it does make reference to the
20 digital audio juke box.

21 Q. At the top of this page it says, juke box
22 survey, 1988. Do you know whether this juke box
23 survey, 1988 comes from a publication of Coin Slot?

24 A. Just looking at the SHE-1550, no, but I
25 personally know it did come from there.

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1 given the antiquated and archaic phone system that
2 British telecom operated in New South Wales or
3 England, how were we going to, in any meaningful way,
4 transmit large files. And that's when we decided to
5 develop a alternative system where we would download
6 the songs on-site from a previously stored library
7 contained in a portable system.

8 Q. The portable system was transported to --
9 A. Each site.

10 Q. -- each site and then at the site how was
11 the information transferred from the portable system
12 to the digital juke box at that site?

13 A. Via serial port.

14 Q. And did that actually occur?

15 A. We demonstrated that the first time I was
16 there.

17 Q. Okay.

18 A. That's how -- actually that's what caused
19 the technical problem, because we were unable to
20 transmit from one phone line in his factory to the
21 other phone line any reliable data without either
22 corruption or having to leave the phone line up for
23 three days.

24 Q. Did Sound Leisure actually begin delivery
25 of juke boxes in England?

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1 Q. How do you know that it personally did come
2 from there?

3 A. Because it came from my file from articles
4 that I had acquired.

5 Q. After the public demonstration in England
6 of the digital juke box and after your return back to
7 Miami, I mean, excuse me, return back to Florida,
8 what further work did Alan Black and Sound Leisure
9 take in developing a commercial digital juke box?

10 MR. MURPHY: Objection, leading.

11 THE WITNESS: After I returned from
12 England, there were certain technical things
13 that were being worked out and what I did
14 was to try and resolve the technical matters
15 over here. A second trip developed and I
16 flew directly into -- it wasn't Gatwick, it
17 was the main airport over there, Heathrow,
18 and then went directly to Leeds, England and
19 I spent a week in Leeds, England working out
20 the technical and finalizing agreements.

21 Q. (By Mr. Nelson) Were you able to solve the
22 technical problems with developing a commercial
23 digital juke box in your work with Sound Leisure?

24 A. That had already been developed. The
25 technical problem was how are we going to download

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1 MR. MURPHY: Objection, foundation.

2 THE WITNESS: One working aberration of
3 this juke box system was delivered to the
4 White Horse Tavern or pub, which was down
5 the street from Alan Black's house. I
6 personally don't have knowledge of others
7 being delivered.

8 Q. (By Mr. Nelson) Did Sound Leisure and Alan
9 Black break off development of the -- further
10 development of the juke box at some point?

11 A. In the United States, as in England, we ran
12 into insurmountable problems with licensing. At
13 least it was perceived as insurmountable. This
14 quickly killed the project on both sides of the water
15 and except for occasional flare-ups and questions,
16 the actual digital juke box idea crashed. I
17 continued to work on other pieces of that, but not
18 specifically for the digital juke box market.

19 Q. The reason the digital juke box project
20 crashed was because of licensing problems?

21 A. Because of ASCAP, BMI, SECAM and whatever
22 the British equivalent is, as well.

23 Q. Did these licensing agencies ever authorize
24 Sound Leisure or you to play songs on juke boxes in
25 bars, taverns and other establishments?

<p style="text-align: right;">86</p> <p>1 A. I was never personally authorized. I never 2 personally sought that authority, personally. I 3 skirted it and ignored it to begin with. As far as 4 Sound Leisure or Coin Op, I'm not knowledgeable of 5 any agreement after the fact, if they did ever obtain 6 one.</p> <p>7 Q. Was there a perception of Coin Op and Sound 8 Leisure that they would not be able to get such 9 agreements?</p> <p>10 A. I think it was everybody's perception that 11 this was going to be the killer to the whole project. 12 That there was no question the technology was 13 capable, that it had already been done, that -- I 14 basically was more packaging than anything else, umm, 15 and it just all came down to licensing agreements for 16 the right to play music.</p> <p>17 Q. When did you stop further development work 18 on the digital juke box?</p> <p>19 A. As, quote, juke box, end quote, or as the 20 entire digital audio project?</p> <p>21 Q. As, quote, juke box, end quote.</p> <p>22 A. It would have to be about 19 -- late 1989, 23 early 1990.</p> <p>24 Q. Did you continue development of your 25 broadcast system?</p>	<p style="text-align: right;">88</p> <p>1 different things. I am going to place in front of 2 you what's been date stamped SHE 000339 and ask you 3 to identify that.</p> <p>4 A. That's a Federal Express Waybill dated 5 7/18/88.</p> <p>6 Q. Do you know what was shipped under that 7 Federal Express bill?</p> <p>8 A. The notation here is personal property 9 computer.</p> <p>10 Q. Could that have been the digital juke box?</p> <p>11 MR. MURPHY: Objection, foundation.</p> <p>12 THE WITNESS: Well, anything I would 13 have shipped to them would have been only in 14 conjunction with the digital juke box, 15 simply because that was the only project I 16 was working on with them.</p> <p>17 MR. NELSON: Let's then mark that as 18 Exhibit 21.</p> <p>19 (Thereupon, Sheedy Exhibit Number 21 was 20 marked for Identification by the reporter.)</p> <p>21 MR. NELSON: Let's mark this as 22.</p> <p>22 (Thereupon, Sheedy Exhibit Number 22 was 23 marked for Identification by the reporter.)</p> <p>24 Q. (By Mr. Nelson) Can you identify Exhibit 25 22?</p>
<p style="text-align: right;">87</p> <p>1 A. Well, I continued development of digital 2 audio systems and continue with it today, but 3 primarily in the public information, kiosk, umm, 4 alarm industry, alphanumeric paging display system, 5 that kind of area.</p> <p>6 Q. Are these other applications essentially 7 the same technology you developed for Audio Broadcast 8 System and digital juke boxes in 1988?</p> <p>9 A. Without concerning myself for the storage 10 of lengthy material such as a full song, essentially 11 it's all bred off the same host.</p> <p>12 Q. I have a series of signatures which I think 13 I primarily just want you to identify. The first, I 14 can find airline tickets that you mentioned.</p> <p>15 (Thereupon, Sheedy's Exhibit Number 20 was 16 marked for Identification by the reporter.)</p> <p>17 Q. (By Mr. Nelson) Can you identify Exhibit 18 20?</p> <p>19 A. Exhibit 20 is a flight occurring on 10, May 20 of '88, it appears to originate from Miami, 21 termination at Gatwick in London.</p> <p>22 Q. Was this for one of your meetings with 23 Sound Leisure?</p> <p>24 A. That is correct. They paid for it.</p> <p>25 Q. Before marking -- let me just show you</p>	<p style="text-align: right;">89</p> <p>1 A. Exhibit 22 is my invoice on June 26, 1988 2 and probably because of the international shipping 3 requirements, I perform a description of the 40 4 megabyte Hard Card at an atrocious price. All the 5 Lattice "C", which is -- which is what the program 6 had moved up to at that point, and cables with plugs 7 for the modems with instructions to adapt the ends to 8 the Tandy or Radio Shack U.K. configuration and a 9 notation as to when it left my location, the color 10 coding of those lines was equal to.</p> <p>11 Q. Were these components in conjunction with 12 the digital juke box you were working on with Sound 13 Leisure?</p> <p>14 A. Yes, they were.</p> <p>15 MR. NELSON: Mark this as Exhibit 23.</p> <p>16 (Thereupon, Sheedy Exhibit Number 23 was 17 marked for Identification by the reporter.)</p> <p>18 Q. (By Mr. Nelson) Would you identify Exhibit 19 23?</p> <p>20 A. Well, the front page of Exhibit 23 is a 21 blank sheet except for saying digital voice card DVC.</p> <p>22 Q. What are shown on the other pages?</p> <p>23 A. A description of Mr. Hough's digital voice 24 card, an invoice dated May 19, 1988 for \$100 even for 25 the request to convert it with \$124 Canadian value</p>

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1 for a digital voice card serial number 88389. A
 2 charge against my MasterCard is on the following page
 3 for that amount.

4 Q. Page 176?

5 A. Yes. Page 177 is some sort of gobbledegook
 6 about U.S. and Canadian discrepancies on money. Then
 7 Page 178, 179, 180 appear to be basic information
 8 relating to their product line, which also included
 9 the DVC description.

10 Then on Page 181, 182, 183, 184, 185, 186
 11 appears to be their standard technical protocol and
 12 information except that on part of Page 186 are notes
 13 that I made.

14 Q. 187 also include handwriting of yours?

15 A. Uh, yes, it does.

16 Q. Do these relate to -- the handwriting
 17 relate to installation of your Audio Broadcast
 18 System?

19 A. Yes, they do.

20 Q. The digital voice card that's described in
 21 Exhibit 23 was used in your Audio Broadcast System
 22 and digital juke box?

23 A. It was the successor card that was used, it
 24 wasn't the original card.

25 Q. Place in front of you what's been marked as

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1 24?

2 A. It's dated June 21st, 1999, it's a letter
 3 from Atom Computer -- that doesn't make sense.

4 Q. Is this --

5 A. It looks like a typo, cause I haven't heard
 6 from this company in several years.

7 Q. Is this a letter that you recently printed
 8 out from some --

9 A. Oh, I know what it is. This is the date I
 10 printed it out. Okay, sorry.

11 Q. You printed it June 21st, 1999?

12 A. I don't know what it picked up. Anyway,
 13 this is a thing I printed out trying to recover from
 14 some disks that I found in the garage at your
 15 request.

16 Q. These disks --

17 A. I am puzzled at how June 21st, 1999 pops up
 18 there.

19 Q. These are computer disks, like floppy disks
 20 that you had that date back to the time you were
 21 developing the original juke box?

22 A. Correct. They are in pretty poor
 23 condition, though.

24 Q. This is one of the documents you were able
 25 to create from that?

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1 SHE 345 and 346 and ask if you recognize that? They
 2 are poor photocopies, if you don't know what they
 3 are, just say so.

4 A. This looks like the output card of the Burr
 5 Brown DSP unit, but because I cannot identify the
 6 board more completely, I can't say that that was the
 7 Burr Brown board.

8 Q. What do you mean by Burr Brown board?

9 A. There were approximately 18 companies
 10 manufacturing digital signal processing boards for
 11 the audio market by the time I got to England and
 12 Burr Brown was starting to dabble in it. Although
 13 Burr Brown matched the manufactured chip sets that
 14 were used by almost everybody, they were starting to
 15 develop their own cards. This looks like the raw
 16 card that I probably got my hands on early on.

17 Q. Was it used in your digital juke box?

18 A. Uh, I never used it in my digital juke box,
 19 no.

20 Q. Okay. Let me place in front of you what
 21 we've marked as SHE 401, we will have this marked as
 22 the next exhibit.

23 (Thereupon, Sheedy Exhibit Number 24 was
 24 marked for Identification by the reporter.)

25 Q. (By Mr. Nelson) Can you identify Exhibit

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1 A. Correct. Correct. This was my
 2 conversation with Colin, at least the follow-up, and
 3 this was discussing the problem we were having and
 4 what the understanding was supposed to be about these
 5 drivers.

6 Q. And these drivers were for the screen
 7 drivers that show information on the juke box?

8 A. Correct. But I think as you note down
 9 here, we were unable to recover a lot of this. I
 10 have no idea how long this letter went on or what it
 11 had. We lost the FAT file, is what happened, on
 12 these -- each of these disks.

13 Q. By unable to recover, you mean not been
 14 able to recently print out the entirety of this
 15 letter?

16 A. Yeah. This letter is not in -- I don't
 17 know if there is big portion missing, if there is
 18 three words missing, I have no idea. Unfortunately
 19 these disks go back a long way. They were in boxes,
 20 stuff was on them, some had mold on them and it was
 21 all -- we were looking for what communications I may
 22 have made at that time. That was the request. These
 23 accidentally were found. They were in deplorable
 24 condition.

25 I am sure, as you know, the FAT files have

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<p style="text-align: right;">98</p> <p>1 A. (Nods head.)</p> <p>2 Q. Let me go back to Sheedy Exhibit 4, which</p> <p>3 is the February, 1988 publication of your juke box in</p> <p>4 Vending Times.</p> <p>5 Do you see where this article describes</p> <p>6 that your juke box is based on a computer, uses</p> <p>7 digital music system and has screen graphics and</p> <p>8 such?</p> <p>9 MR. MURPHY: Objection, leading. Also</p> <p>10 vague. What does "and such" mean?</p> <p>11 THE WITNESS: Well, it very clearly</p> <p>12 defines how you operate the system from the</p> <p>13 standpoint of the user selecting a play, it</p> <p>14 indicates at that time the target capacity,</p> <p>15 100 or 200 popular plays.</p> <p>16 In the second to last informational</p> <p>17 paragraph, moreover, the unit can be</p> <p>18 interfaced with a digital retail store</p> <p>19 system for video display on the front of the</p> <p>20 juke box for use in revenue-generating</p> <p>21 advertising programs. The system can</p> <p>22 display the album cover or other</p> <p>23 illustration or graphics. Or, in the</p> <p>24 typical display of the album cover, a</p> <p>25 message under the cover can direct users to</p>	<p style="text-align: right;">100</p> <p>1 digital juke box, did you view the selection of</p> <p>2 components that went into the juke box a particularly</p> <p>3 difficult technical problem?</p> <p>4 A. No. It was really up to who your best</p> <p>5 supplier could be. There were, to the best of my</p> <p>6 knowledge at that time, at least ten manufacturers of</p> <p>7 DSP's, Digital Audio Boards. Some were real serious</p> <p>8 boards, others were Tonka toys with no band width,</p> <p>9 but there certainly was no shortage of manufacturers</p> <p>10 of board systems that could be plugged into any</p> <p>11 computer and, depending upon their efficiencies,</p> <p>12 could be used to produce any design you wanted,</p> <p>13 whether it be for broadcast, the juke box or for your</p> <p>14 own home entertainment.</p> <p>15 Q. Back in 1988, did you view it as a</p> <p>16 particularly technical problem to program the</p> <p>17 computer to perform digital juke box functions?</p> <p>18 MR. MURPHY: Objection, leading,</p> <p>19 foundation.</p> <p>20 THE WITNESS: No, I didn't, however, at</p> <p>21 that time I and anybody else had the same</p> <p>22 problem. There wasn't any reliable</p> <p>23 compression technology freely available on</p> <p>24 the market and that's where you would have</p> <p>25 to spend a lot of money developing it,</p>
<p style="text-align: right;">99</p> <p>1 purchase the music at a local record store</p> <p>2 or national chain.</p> <p>3 MR. MURPHY: That was directly from the</p> <p>4 article, is that right?</p> <p>5 THE WITNESS: Yes, sir. And that was</p> <p>6 directly what the system, my design of the</p> <p>7 system was.</p> <p>8 MR. MURPHY: I just want the record to</p> <p>9 reflect that you're reading from the</p> <p>10 article.</p> <p>11 THE WITNESS: I am reading from the</p> <p>12 article verbatim. That's from Vending</p> <p>13 Times, February, 1988, Page 19.</p> <p>14 Q. (By Mr. Nelson) Does this article provide</p> <p>15 enough information for someone that was familiar with</p> <p>16 computer systems back in 1988 to actually put</p> <p>17 together a digital juke box?</p> <p>18 MR. MURPHY: Objection, no foundation,</p> <p>19 leading.</p> <p>20 THE WITNESS: Anybody reading this</p> <p>21 article would have to be a blithering idiot</p> <p>22 not to know how to design a system. I,</p> <p>23 unfortunately, disclosed too much</p> <p>24 information. That was my basic downfall.</p> <p>25 Q. (By Mr. Nelson) In putting together the</p>	<p style="text-align: right;">101</p> <p>1 although it was a very short period</p> <p>2 thereafter that suddenly there was a lot of</p> <p>3 move in this particular area and compression</p> <p>4 technology took quantum leaps, as we're well</p> <p>5 aware of today.</p> <p>6 Q. (By Mr. Nelson) Was it difficult to</p> <p>7 program the digital juke box to handle the sound</p> <p>8 files that were downloaded and stored on the hard</p> <p>9 drive and then subsequently played through a loud</p> <p>10 speaker?</p> <p>11 MR. MURPHY: Objection, foundation.</p> <p>12 THE WITNESS: Umm, anything that</p> <p>13 appears on a computer's hard drive is</p> <p>14 independent of its purpose. All you're</p> <p>15 storing is data. You're storing bytes, ones</p> <p>16 and zeros to its common denominator.</p> <p>17 Therefore, the hard drive, other than being</p> <p>18 a storage medium with fixed real estate, is</p> <p>19 not concerned with what the information is,</p> <p>20 it doesn't know what the information is and</p> <p>21 it doesn't matter what the information is,</p> <p>22 so long as it will fit on the drive and be</p> <p>23 recalled.</p> <p>24 Q. (By Mr. Nelson) Were you able to use</p> <p>25 standard computer software techniques for handling</p>

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<p style="text-align: right;">94</p> <p>1 to be reconstructed and this goes back a long way, so 2 it's hard to say.</p> <p>3 MR. MURPHY: I am going to object as to 4 the foundation of these. Do you have the 5 disk, Jeffry? Are they going to be 6 available to us or you?</p> <p>7 MR. NELSON: They weren't available to 8 me.</p> <p>9 THE WITNESS: Only way I could make you 10 a copy of the disk is to attempt to give 11 you -- reconstruct a copy, because a 12 computer will not copy a none FAT file disk. 13 That's why we're having so much trouble 14 trying to read anything I found. This is 15 just pieced together, because there's no 16 reference to segments, clusters and it's 17 just trying to piece these things that are 18 found on the disk together.</p> <p>19 MR. NELSON: Why don't we break for 20 lunch?</p> <p>21 MR. MURPHY: Sure. Let's go off the 22 record.</p> <p>23 (Thereupon, a discussion was had off the 24 record.)</p> <p>25 (Thereupon, a lunch recess was taken from</p>	<p style="text-align: right;">96</p> <p>1 were about a year, maybe two years ahead of me, but I 2 don't think they originally were thinking the word 3 juke box, but they certainly were doing digital/audio 4 digitizing.</p> <p>5 Q. Were you seeing others companies doing 6 digital audio processing for radio stations in the 7 1988-'89 time frame.</p> <p>8 A. Umm, it was rumored that there were a 9 couple companies doing it and maybe that's one of the 10 guiding reasons that I made a big jump at the NAB, 11 you know, to have visibility. But it was amazing, 12 within the next year there were ten companies doing 13 it.</p> <p>14 Q. Next year was what year?</p> <p>15 A. '99. By the '99 NAB, Sony, Panasonic, a 16 lot of upstart companies, my God, you could walk down 17 the NAB hall in the convention center in Nevada, it 18 was like I didn't exist. It was incredible.</p> <p>19 Q. You said 1999, do you mean 1998?</p> <p>20 A. No, I'm sorry, '89, the original NAB show. 21 This is so far back.</p> <p>22 Q. Yes, it is. Where -- the NAB show was in 23 Las Vegas?</p> <p>24 A. Uh-hum.</p> <p>25 Q. The NAB show was a trade show for what?</p>
<p style="text-align: right;">95</p> <p>1 12:15 to 1:30 p.m.)</p> <p>2 Q. (By Mr. Nelson) Mr. Sheedy, the components 3 that you used to make your digital juke box and your 4 Audio Broadcast System, were they commonly available 5 components at the time in 1988?</p> <p>6 A. To the best of my knowledge, I found them 7 in magazines is where I originally found most of the 8 leads.</p> <p>9 Q. What were the most of the major components 10 of your system?</p> <p>11 A. Outside of basic computer components, the 12 key components, were the audio processing card and 13 some of the customized key boards, basically.</p> <p>14 Q. What were the audio cards being sold for 15 that you saw in the magazines and that you used in 16 your digital juke box?</p> <p>17 A. Well, they were advertised as digital/audio 18 digitizing cards. Antex electronics in California 19 was where I started out with the VP-600 and they 20 had -- that was -- to them that was one of their 21 older versions, but it was the cheapest card 22 available at the time. And then progressed to a 601 23 and then there was a 602, which simply meant two 24 channels on one board.</p> <p>25 But Antex was -- they had actually -- they</p>	<p style="text-align: right;">97</p> <p>1 A. Well, typically it's like most trade shows, 2 manufacturers checking manufacturers, but its 3 conception is, is that you're supposed to have the 4 mucky mucks from broadcast stations there to see your 5 product on display. Your conceptions of products to 6 be delivered at a very close future date. It's 7 basically a product display show where everybody 8 fluffs their feathers and beats their breast and, 9 here we are.</p> <p>10 Q. At the 1989 trade show, you did see several 11 commercially available Audio Broadcast Systems that 12 used digital sound files?</p> <p>13 A. It was sickening. It was like, why did I 14 even try.</p> <p>15 Q. I kind of need a yes or no answer to the 16 question.</p> <p>17 A. Oh, yes, definitely.</p> <p>18 Q. Did you see whether any of these systems 19 had been adapted to be a juke box for a restaurant or 20 a tavern?</p> <p>21 A. No, I don't think this show would have been 22 the place to even make a suggestion.</p> <p>23 Q. So this show was --</p> <p>24 A. Strictly for broadcast.</p> <p>25 Q. Radio broadcast?</p>

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<p style="text-align: right;">102</p> <p>1 digital files on a computer with respect to handling 2 the sound files on your juke box? 3 A. The use of -- again, the use of digital 4 files on a hard drive until they are assembled by the 5 program or handled and functioned by the program with 6 the internal components as a totality of this device 7 are nothing but digital information. As far as 8 creating the digital information from analog input, 9 in other words, outside information, the audio that 10 we hear in this room, that was accomplished by the 11 specialized processors that changed this analog into 12 digital information.</p> <p>13 At the time that occurs, you now have to 14 save it or pass it down the line, because if you 15 don't, it's just fleeting data. So, therefore, using 16 it for the purpose of the digital juke box would be 17 absolutely the same as using it for broadcast, 18 absolutely the same as for your own home 19 entertainment system. It is merely taking analog.</p> <p>20 A specialized device would convert analog 21 to digital, the digital is now in a common domain, 22 which can be handled by any level of software that 23 you may have chosen or adapted for programming and to 24 then cause any further functions from that point to 25 be simply data processing.</p>	<p style="text-align: right;">104</p> <p>1 A. Me? I'm full-time project. 2 Q. Okay. What is Touchtunes paying for you to 3 be here today? 4 A. I'm charging them \$150 per hour for my 5 time. 6 Q. And how much has Touchtunes paid you so far 7 for helping in this case? 8 A. Uh, I have billed them a total of \$3,500 so 9 far. There is a minor amount still owed to me, but 10 that's a clerical issue. 11 Q. And what's that money for? 12 A. My time. You want my time, you ask for it, 13 I'm going to charge you. 14 Q. Any demands made other than your time for 15 that money? 16 A. Yes, they've asked for documentation that 17 they became aware of that I had, apparently, 18 involving whatever you all had been involved in long 19 before I met anybody. 20 Q. Any other demands -- 21 A. Umm -- 22 Q. -- by Touchtunes? 23 A. Could you define what you mean by demands? 24 Q. Were any requests made by you -- on you? 25 A. By me or on me?</p>
<p style="text-align: right;">103</p> <p>1 MR. NELSON: Let me have one more 2 exhibit placed in front of you to be 3 identified. 4 (Thereupon, Sheedy Exhibit Number 25 was 5 marked for Identification by the reporter.) 6 Q. (By Mr. Nelson) Can you identify Exhibit 7 25? 8 A. Exhibit 25 is Steevens-Diz International. 9 They were the receiver of one of the juke boxes that 10 was sent over to me from Alan Black of Sound Leisure, 11 and that's the freight charges. It was a Christmas 12 gift. 13 Q. Oh, this was not a digital juke box? 14 A. No, huh-uh. 15 Q. Okay. 16 MR. NELSON: I have no further 17 questions.</p> <p style="text-align: center;">CROSS EXAMINATION</p> <p>18 Q. (By Mr. Murphy) You want to take a break, 19 Mr. Sheedy, or are you okay just to continue on? 20 A. I'm available. 21 Q. Okay. What's your current occupation? 22 A. Nutty inventor. 23 Q. No, you're not currently employed by 24 anybody?</p>	<p style="text-align: right;">105</p> <p>1 Q. By you by Mr. Nelson or his law firm or 2 anyone representing the Touchtunes' defendants? 3 A. They have had -- we have had many telephone 4 conferences. I did meet with Jonathon Reavill and 5 one of their law clerks who went through and 6 photocopied all of these documents that I had. Umm, 7 I got a call out of the clear blue sky from Jonathon 8 Reavill and, frankly, I was a little hesitant on even 9 taking the call to begin with. It sounded kind of 10 strange. I received a call -- not that he sounded 11 strange, it's the whole thing sounds kind of strange. 12 I got a phone call out of the blue one day, 13 somebody identifying himself as Jonathon Reavill with 14 such and such a law firm and was I the person who 15 introduced the digital juke box. And I was a little 16 hesitant, because I've already been through enough 17 aggravation over the whole thing way back. Yes. And 18 a few more questions and then we kind of went into 19 it. 20 Well, there was some more questions asked, 21 did I know Alan Black, kind of some surface type 22 questions and then I said well -- I advised them that 23 I had just recently moved to Bear Island and in 24 packaging stuff, I had thrown out a lot of things, 25 but I did have some files that I felt were relevant</p>

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1 to that period of time, although it was history and a
 2 long time past. And they asked me if I would keep
 3 them and they would be back with me in, I don't know,
 4 a couple days, a week. I have no idea what that
 5 exactly was, but it was very shortly after that that
 6 they had called and asked if I would preserve those
 7 files. I said, yeah.

8 Q. Which files did they ask for? What
 9 specifically did he say?

10 A. All the files, anything I had relating to
 11 that time period.

12 Q. What time period?

13 A. That was basically early 1988 and my
 14 development of the Digital Audio System for broadcast
 15 juke box primarily dealing with the juke box.

16 Q. Did they make any representations about
 17 what this lawsuit involved, who they represented?

18 A. They told me who they represented. They
 19 said basically their client had been sued, umm,
 20 something about a breach of a patent and I informed
 21 them I didn't have a patent and they informed me they
 22 weren't representing me, so it went on from there.

23 Q. What did they say about the patent on the
 24 lawsuit, if you remember?

25 A. That Arachnid was suing Touchtunes for

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1 a long time since I had reviewed any of this stuff.

2 And as a matter of fact, prior to them interviewing
 3 me, I didn't bother brushing up much on it.

4 Q. Who else did you talk with besides Jonathon
 5 Reavill? Do you remember any names?

6 A. The gentleman that's with us here now.

7 Q. Jeff Nelson?

8 A. And nobody else. As a matter of fact, I
 9 thought it was kind of strange that once you knew who
 10 I was, you didn't try to reach me.

11 Q. Did they -- did either Mr. Nelson or
 12 Mr. Reavill ever make any representation about how
 13 your help would affect the lawsuit?

14 A. They indicated they already knew about most
 15 everything I was telling them. Umm, they indicated
 16 that, I guess, as in any lawsuit, the more material
 17 you got, the better off, you know the lay of the land
 18 on a case and that was essentially what was
 19 represented. They didn't say that I was pivotal in
 20 any condition. They may not even have any use for
 21 me, but they had to explore the avenue and would I
 22 cooperate with them.

23 And I think my remark to them was, I'll fax
 24 up my time sheet, if your client agrees to pay it,
 25 you've got my time. And that was essentially what I

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1 violation of their patent concerning Arachnid's claim
 2 that they developed the digital audio juke box, I
 3 guess is the best way. I am not sure that's the
 4 absolute words he used, but that was what I gathered
 5 from the conversation.

6 Q. Did he ever give you -- I'm talking about
 7 the Touchtunes' representative, either Mr. Nelson,
 8 Mr. Reavill, whoever you spoke with --

9 A. Mr. Reavill I spoke with 99 percent of the
 10 time.

11 Q. Okay. Whom else did you speak with from
 12 Reavill's firm?

13 A. Well, there was a law clerk that came down
 14 with Mr. Reavill when they came down to interview me
 15 and then eventually to photograph or photocopy all
 16 these things over at Office Depot. We stood there
 17 half a day photocopying this stuff. Umm, I don't
 18 remember the clerk's name, but there was another
 19 person that was with him that basically was
 20 photocopying, pulling stuff apart and running over to
 21 him every five minutes and asking, how do we separate
 22 this, is this pertinent.

23 I was being asked how does this deal with
 24 it, and I would have to read it over and say, well,
 25 it's part of the file, you know, because it had been

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1 did.

2 Q. So an agreement was reached for them to pay
 3 you to be available, is that right?

4 A. Well, the stipulation was made, you want my
 5 time, you pay me.

6 Q. Do you -- what's your impression of how
 7 your testimony may affect this lawsuit?

8 A. Just in addition to, I guess, everything
 9 you already know, but it looks like Alan Black is of
 10 more importance than I am. It appears that Mike
 11 Leonard is of more value than I am, because they
 12 really were in the businesses. I was simply a
 13 creator and a developer in the middle of the whole
 14 thing.

15 Q. You ever been shown the patent at issue in
 16 this case?

17 A. I was shown the cover sheet of it
 18 yesterday. That's the first time I saw it.

19 Q. Have you ever read the patent?

20 A. No.

21 Q. Are you -- at one time you were in business
 22 with Alan Black, is that right?

23 A. We had a business agreement between Alan
 24 Black and Colin Holloway, albeit all that was
 25 considered Sound Leisure and with Mike Leonard.

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<p style="text-align: center;">114</p> <p>1 sense, with the original files, whether there was any 2 question, which basically there wasn't, and just 3 basically said all he wanted to do was to question 4 it. He hoped that you would be here or somebody from 5 your office would be here, although that was your 6 call and nobody had advised of that. He asked where 7 this place was located. I told him how to find it. 8 Umm, I guess you left about 4:30, I think. 9 Essentially that's what it was.</p> <p>10 He used to have some cats, I have a lot of 11 cats, we discussed that. Umm, pertinent information 12 to this was kind of limited to kind of superfluous 13 stuff as he thumbed through all of the stuff.</p> <p>14 Q. Was anything said by Mr. Nelson or 15 Mr. Reavill at any time about what they expect you to 16 testify about?</p> <p>17 A. They simply asked me if I would go in, 18 answer all questions straightforwardly. I said, I 19 had no objection.</p> <p>20 Q. And that's what you are doing today, 21 correct?</p> <p>22 A. Absolutely.</p> <p>23 Q. And I just -- by the way, two questions. 24 Were you put under oath before I got here? I don't 25 remember.</p>	<p style="text-align: center;">116</p> <p>1 A. Right. 2 Q. And that's shown in -- you talked about -- 3 you testified about that in relation to Exhibit 1 4 today, right? 5 A. If that's the correct exhibit, yes. 6 Q. Okay. Well, you can -- I'll put all 25 7 exhibits that have been marked so far in front of you 8 and as I refer to them, feel free to refer to those. 9 Exhibit 1 was on the front page had a -- 10 what you called a capsule, that of the Digital Audio 11 Broadcast System, correct? 12 A. Right. 13 Q. Who wrote that? 14 A. Probably whoever the editor of new products 15 is. You can send in a 10,000 word description thing 16 as a press release and they might publish three 17 sentences that they feel cover the entire product. I 18 have no control over the editing. I didn't write 19 that, that's the synopsis of what I sent as my press 20 release. 21 Q. So that -- 22 A. It adequately describes my product. 23 Q. But it isn't how you described it to 24 whoever received it, is that right? 25 A. Yes, it is, just in much less words.</p>
<p style="text-align: center;">115</p> <p>1 A. Yes, I was. 2 Q. And also about the original documents, you 3 mentioned that you went through with Mr. Nelson. Are 4 those here today? 5 A. They are five minutes, ten minutes away 6 from here. He told me in case it was needed to bring 7 them, did I have them packed. I said, yes, I have 8 them packed. Umm, he had to call me this morning to 9 remind me that I was already late for breakfast and I 10 went flying out of the house. They are still sitting 11 at the house, but everything here is an original or 12 photocopy of an original photocopy that I had a 13 photocopy of. 14 Umm, if you need me to go get them, I will 15 be glad to go get them and bring them over, but I 16 will guarantee you that they are what I had and no 17 more than what I had, because everything that we 18 photocopied that day with Jonathon Reavill is in one 19 black, like your case, except I have wheels on mine 20 because I am too lazy to carry it. 21 Q. Well, I may ask for an original, but we'll 22 see if I need that. 23 I believe your testimony was that early 24 1988 you worked on something called a Digital Audio 25 Broadcast System, correct?</p>	<p style="text-align: center;">117</p> <p>1 Q. They changed it, correct? 2 A. I would say they probably took out, like I 3 said, superfluous information, just put the product 4 points forward, which is typical of most product 5 introductions. 6 Q. And what did this -- what components did 7 this system that's described here on Exhibit 1 8 include exactly? 9 A. Uh, it included the VP-600, which was the 10 Antex Electronics Digitizer; it would have included 11 probably a 40 megabyte hard drive, although it might 12 have had a 30 instead of a 40; it included a 13 baseboard, which would have been the computer board 14 with all the ISA/DMA slotting; it would have included 15 the CPU; it would have included the bios, including 16 the keyboard bios; it would have included base 17 memory, probably at that time in 256 K 18 configurations; it would have also included two 19 additional memory boards or RAM memory; it would 20 include a digital display board, I do not recall at 21 this moment the manufacturer there; it would have 22 included a hard drive, floppy drive, interface 23 controller board and it would have also -- I think at 24 that time it included a hardware lock board. I'm not 25 sure, it might have.</p>

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<p style="text-align: right;">110</p> <p>1 Q. Are you still in business with Alan Black 2 or Sound Leisure?</p> <p>3 A. I have not -- regrettably have not spoken 4 with Alan Black probably for, well, at least ten 5 years.</p> <p>6 Q. You had an agreement with Sound Leisure 7 though, correct?</p> <p>8 A. That is correct.</p> <p>9 Q. What's the status of that agreement?</p> <p>10 A. As far as I'm concerned, it's in force but 11 the problem is there's nothing of any value and I'm 12 not producing digital juke boxes.</p> <p>13 Q. Have you ever received any compensation 14 pursuant to that agreement from Sound Leisure?</p> <p>15 A. Uh, Alan Black. Our first part of our 16 agreement was Alan Black was to transfer to my bank 17 account \$10,000 as a good faith deposit here in the 18 United States. He did so. However, he made an error 19 and transferred 10,000 pounds, which wound up being 20 nearly \$20,000. And he said, don't worry about it, 21 keep it. And then he paid for the airline tickets, 22 as you saw from the receipts. Umm, he paid for both 23 of my trips. I stayed in Leeds and I stayed in 24 Nottingham at their gracious accommodations.</p> <p>25 Q. So if Sound Leisure or Alan Black sold what</p>	<p style="text-align: right;">112</p> <p>1 him?</p> <p>2 A. I -- in effect to both agreements with 3 Leonard and Black, I seriously doubt that, because of 4 the time involved, either of the agreements are 5 valid. I mean, I certainly would not pursue 6 enforcing it.</p> <p>7 Q. Do you have any current interest in 8 pursuing computer juke boxes?</p> <p>9 A. Are we using juke box generically or 10 specifically?</p> <p>11 Q. Well, you tell me. You've testified quite 12 a bit today about computer juke box and digital juke 13 box, I'd like to know what you think those are?</p> <p>14 A. A juke box to me represents random 15 selection of stored audio files on demand. If you're 16 saying am I continuing that project, I would say in a 17 more upgraded, more technical way, yes, but I'm using 18 the background and technology that I developed a long 19 time ago, the expertise, the acquaintances actually 20 in more useful veins right now.</p> <p>21 Has nothing to do with the specific juke 22 box industry as I think you're relating to, which 23 would be coin-operated type devices, no, I haven't 24 specifically followed that avenue. I've always 25 viewed that as a lost cause.</p>
<p style="text-align: right;">111</p> <p>1 you call a computer juke box, would you benefit from 2 that?</p> <p>3 A. Only as it pertained to our written 4 agreement.</p> <p>5 Q. And how does that pertain to the written 6 agreement?</p> <p>7 A. Uh, again, you know, this is many years ago 8 and I would only have to defer to the documents that 9 you have in front of you, which were from my files, 10 and that would be it. But it's my understanding, and 11 in my last conversations with everybody involved was 12 because of the licensing problems, it's really a dead 13 issue.</p> <p>14 I was rather surprised, if you don't mind 15 me interjecting here, to find that Touchtunes had 16 actually convinced somebody to license them. So 17 maybe they're softening or these guys know how to 18 make them work.</p> <p>19 Q. Do you know if Sound Leisure or Alan Black 20 abandoned the project?</p> <p>21 A. At this point, no, I have no idea.</p> <p>22 Q. Now you were -- did you enter into an 23 agreement with Mike Leonard?</p> <p>24 A. Yes, I did.</p> <p>25 Q. Do you still have an ongoing agreement with</p>	<p style="text-align: right;">113</p> <p>1 Q. Did you discuss your testimony at all today 2 during the lunch break with Mr. Nelson?</p> <p>3 A. I asked him how vicious you might be. I 4 questioned the intelligence of this whole thing and I 5 think we discussed more of my political views than we 6 did anything. I don't think you want those on 7 record.</p> <p>8 Q. Did you talk at all about what your 9 testimony might be or what more you would testify 10 about after lunch break?</p> <p>11 A. No, not really. I asked him -- I said, how 12 much longer do you think we are going to have to go. 13 And he said he only had one or two questions that he 14 thought that he might get in after all this stuff and 15 he was complaining that he had too much food, so 16 that's why we brought back our doggy bags. We didn't 17 have that much time because we drove over. You 18 walked over.</p> <p>19 Q. What about before the deposition, did you 20 meet before the deposition today?</p> <p>21 A. We met yesterday at -- I have to make sure 22 this matches my billing statement -- probably around 23 1:30, 2:00, I think it was, and he went over the 24 documents to make sure that he basically had what I 25 had and I was aware of these. We compared them, in a</p>

<p style="text-align: right;">118</p> <p>1 Q. How can I verify that? 2 A. Ask Alan Black or Colin Holloway. They are 3 the ones that disassembled it. 4 Q. The Digital Audio Broadcast System? 5 A. Yep, because it was the same system that we 6 just remapped the screen presentation for. It was 7 really the audio -- I mean, it was really the 8 broadcast system, we just remade the visual and 9 interface to appear as a digital juke box. 10 Q. What do you mean, appear as a digital juke 11 box? What does that mean? 12 A. The human interface. In other words, it -- 13 instead of having a lot of technical programming 14 information on the screen, cause there's no such 15 thing as a station break in a bar, you know, there's 16 no such thing as client list in a bar, things like 17 this, it just basically had the song title, probably 18 the artist, I don't think it included the run time 19 information, it didn't matter, and basically it just 20 had "X" number of songs, I believe at the time maybe 21 it was ten, that we had displayed on the screen and 22 you used the key pad to select what you wanted and 23 play it. 24 Q. I guess what -- when I asked you what the 25 components were, you used a lot of words that might,</p>	<p style="text-align: right;">120</p> <p>1 Q. I understand, but I have -- I'm looking 2 here at some of the documents you did produce and you 3 saved old letters and even old envelopes. I don't 4 mean to interrupt you, but -- 5 A. Well, actually -- 6 Q. There's also cards, you called them Bingo 7 cards, I believe, saved and so there are a lot of 8 seemingly time-based, pertinent documents you had. 9 A. The only reason these documents were in 10 existence were strictly by accident. Strictly by 11 fate. In my office, which I showed to counsel, I 12 have a desk, it's a European style desk, when you 13 pull the top back, there's like a hidden filing 14 system, hanging file folder system, very minute but 15 it's a small section in there. When that desk got 16 moved, whatever was in there was intact at the time 17 and that is where 99 percent of this documentation 18 occurred from. 19 There is actually -- there was actually a 20 whole folder of stuff that was labeled England, NAB, 21 different things, stuff I wasn't even aware that I 22 actually had and had not discovered until almost 23 three or four weeks prior to receiving the phone 24 call, actually, from Touchtunes' representatives and, 25 frankly, it was very close to being thrown out,</p>
<p style="text-align: right;">119</p> <p>1 maybe would have, probably, not sure. Would there be 2 any documentation showing exactly what the system 3 components were? 4 A. Umm, have you saved all of your baby 5 pictures? 6 Q. Is that a question to me? 7 A. You're asking me to produce baby pictures 8 and this thing grew up long before I had pictures to 9 baby. 10 Q. I just wanted to know if there are any 11 documents? 12 A. I doubt it. 13 Q. But you looked, correct, when Mr. Reavill 14 asked you to? 15 A. I have searched the most suspected places 16 for this information. This is -- what you have in 17 front of you is the composite of everything that has 18 been found to date. Could there be something further 19 down the line discovered? Realistically, I don't 20 think so, but hypothetically it's possible. I've got 21 about 63 more boxes, which counsel here saw, that I 22 haven't even opened. It could have been hidden in 23 those boxes cause when I packed, I didn't pack based 24 upon exactly where stuff came from, I packed to pack 25 each box.</p>	<p style="text-align: right;">121</p> <p>1 because I collect too much garbage and I had already 2 thrown out tons of boxes before I moved and they 3 probably contained some of the information maybe you 4 would like or not like to have available. I have no 5 idea. I am a pack rat. 6 You're welcome to come over and see the 7 situation. You would understand it completely. 8 This, just because it was in that location -- I 9 actually found some old traffic tickets, too. 10 Q. Paid, I hope. 11 A. I hope they were. 12 Q. But two of the attorneys from the 13 defendant's office came down and looked through the 14 stuff, correct? 15 A. To my knowledge an attorney and an 16 assistant. 17 Q. Okay. Two people? 18 A. Right. And then present counsel came down. 19 Q. How about any source code document from 20 that original Digital Audio Broadcast System? 21 A. Bobby Lord in Stuart had indicated, I 22 think, to Jonathon Reavill that he thought he had 23 some source code up in his place. After an enormous 24 time expance of searching, I have not come up with 25 anything I can identify currently as being any source</p>

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1 coding. There are boxes that I have not gotten to
 2 out in the garage, which are three deep, currently
 3 with other boxes, maybe I have the Lattice "C" and
 4 the other compiling code in there. If it's any
 5 indication from what I've already found, it's
 6 probably worthless.

7 Q. And this Digital Audio Broadcast System,
 8 did that go through different iterations?

9 A. It was constantly evolving.

10 Q. When was the very first system put
 11 together, that you can remember?

12 A. At least two years prior to the NAB show.

13 Q. When was the NAB show?

14 A. I think it was March or April of '88.

15 Q. So in 1986?

16 A. Late '86, I think.

17 Q. Why did it take so long to be ready for
 18 delivery, as it says in this article that's in
 19 Exhibit 1?

20 A. Why did it take so long to bring it to the
 21 show?

22 Q. Here in Exhibit 1 it says SDS Broadcast
 23 Services will begin delivery by the end of dot, dot,
 24 dot, by the end of the first quarter, 1988?

25 A. Uh-hum.

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1 then there were two programmers that Gemco through
 2 some relationship, I do not even understand, already
 3 knew of and they brought them in from Wisconsin, Rick
 4 Erdmann, Jr., and Tom Fazio, we called him Fuzzy
 5 cause he was a little strange. These became the
 6 primary full-time programmers who proceeded under my
 7 direction to develop all the interfaces and where we
 8 moved from one software selection to another when we
 9 kept running into developmental problems or stone
 10 walls because of limitations during that time of
 11 existing software development packages.

12 Q. Did you write any of the software yourself?

13 A. The original preliminary software, yes.

14 Q. I thought you said that came from Antex
 15 people?

16 A. No, Antex -- I told you clearly Antex
 17 provided development packages. A development package
 18 is incomplete, it requires then a programmer to take
 19 the development tools and write their own interface.

20 Q. What exactly did you write for that?

21 A. I wrote the original basic program.

22 Q. What did it do?

23 A. Basically it netted about five modules
 24 together, it went out and read serial ports, it did
 25 the timing sequence necessary to develop the

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1 Q. Why the two-year delay?

2 A. Uh, probably quite a collection of reasons.
 3 A, when you're doing things on your own and you're
 4 not Mr. Money Bags, you do them as time and material
 5 is available. Two, the digital synthesizing process
 6 was really not of the credible status that you could
 7 deal with it. When I originally started dealing with
 8 this type of a project or actually specifically on
 9 this project, I tried to introduce it to WIRK here
 10 locally in town and the engineer over there gave me a
 11 hard time because at the time the digital board I was
 12 using would not produce 20 to 25,000 hertz flat and
 13 even though it was an AM station, which could only
 14 reproduce 5,000 kilohertz on the air, engineers have
 15 these wet dreams that you still have to produce
 16 20,000 hertz even though you can't produce it on the
 17 air.

18 Q. We can strike that.

19 A. Well, it's true.

20 Q. Who wrote the software for this original
 21 system?

22 A. The original software was actually sample
 23 software that came from Antex. Then they provided
 24 the source code as a development package. That cost
 25 a couple thousand, which Bobby Lord paid for, and

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1 frequency response that was required. Umm, I had no
 2 experience in compression, so I didn't even approach
 3 that issue at the time.

4 Q. Did the -- this original Digital Audio
 5 Broadcast System, did it have communication
 6 capabilities?

7 A. That was the first primary requirement.

8 Q. Why is that?

9 A. First of all, you had to, as I've already
 10 testified, interface with the traffic system and you
 11 had to interface with the production system. When
 12 you have the DAB sitting in the air studio, there's
 13 no way anybody can get in there to record stuff,
 14 because it's running the show and there is no way to
 15 drop traffic information in because you're running
 16 the show. So in the background over at
 17 communications network, which was a serial
 18 communications port at that time, this was being
 19 handled by a separate computer, which was nothing
 20 more than an accounting setup sitting in the traffic
 21 secretary's office, whatever it is you want to call
 22 it, and then in the production room they usually
 23 prepared everything on tape and then downloaded it
 24 into the DAB and then sat on the network ready to
 25 either be a backup computer.

<p style="text-align: right;">126</p> <p>1 If the one, which it did a couple of times 2 in the beginning, failed in the broadcast studio, 3 they could jump into the production room and still 4 run live from there. Or it became another song 5 backup base for songs they didn't have room for in 6 the main computer.</p> <p>7 Q. And how are those files transferred? 8 A. Over the serial port. 9 Q. Hard wired? 10 A. Hard wire. 11 Q. Any telephone line communications? 12 A. Umm, we had direct access from, I guess, 13 you call it Gemco. Gemco's office there in Stuart or 14 Palm City directly with STU on the dial-up basis to 15 the production computer. The production computer 16 obviously was on a network so, therefore, we could 17 jump to any computer after we accessed the production 18 computer. That was by modem. It was 1200 Baud, 19 B-A-U-D.</p> <p>20 Q. Do you know what type of modem was used? 21 A. Hayes Smart Modems. 22 Q. Where did that come from? 23 A. Hayes. 24 Q. Someone purchased it? 25 A. Yes.</p>	<p style="text-align: right;">128</p> <p>1 Q. What's DSP again? 2 A. Digital Signal Processing by Antex. 3 Q. Is that the VP-600 and — 4 A. And eventually became the 601. The VP-601 5 had a higher band width. 6 Q. Did somebody actually spin those records 7 and record it and upload it on their computer at some 8 point? 9 A. Well, at the site, the radio station 10 obviously had to do that to load their computer. 11 Off-site in our demonstration we sent sample records 12 downline, they have no idea what tunes they were or I 13 imagine it was on the format of whatever the station 14 was playing at that time. 15 Q. Did you sell this system to radio stations? 16 A. It was sold to, as I've answered, to the 17 WSTU, another one in Fort Pierce. I think there was 18 a total of seven systems out there, ten sold, but I 19 know of seven that got delivered. 20 Q. And you don't have any receipts or anything 21 for that, for the sale? 22 A. I didn't sell them. 23 Q. Who did? 24 A. Bobby Lord. He was president of the 25 company.</p>
<p style="text-align: right;">127</p> <p>1 Q. Do you know who? 2 A. Bobby Lord. 3 Q. Who wrote the communications software for 4 the system? 5 A. Standard communications protocols. 6 Q. Was there a name for the net software? 7 A. Came with the Hayes modem, it was just 8 basically to establish the ring count before the 9 modem was connected to the serial port, was to 10 establish an outgoing protocol. Once you got to the 11 computer, it really wasn't communication software at 12 that point, it was merely software, cause you were 13 actually sitting in the computer. 14 Q. What records would be transferred between 15 these computers? 16 A. Should I answer that on the standpoint of 17 liability of being sued by BMI and ASCAP or should we 18 just say it was vinyl? 19 Q. However you want to answer it. 20 A. It was vinyl. 21 Q. What does that mean? 22 A. It means it was basically 45's that were 23 end-coded. 24 Q. How were they end-coded? 25 A. They were recorded by the DSP.</p>	<p style="text-align: right;">129</p> <p>1 Q. Was he always president of the company? 2 A. Uh, yes, until he resigned. 3 Q. When was that? 4 A. Late '88, early '89. 5 Q. What company are you talking about, SDS 6 Broadcast Services? 7 A. No, I'm talking about the -- we had another 8 name for the company at that time. It slips my mind. 9 If you contact him, I think he'd remember who it was. 10 Q. But you can't verify that through receipts 11 or documents, can you? 12 A. I am sure he's got them. I didn't have any 13 of that, could care less about it. 14 Q. You didn't have those, right? 15 A. No, I did not. You've got to remember, I 16 was an engineer stuck back in the hole someplace. I 17 was nothing more than the two bit developer. We 18 don't get important things like that in my cubby 19 hole. 20 Q. Did the company keep any of these devices? 21 A. Uh, which company, Bobby Lord's and the 22 original company or me? 23 Q. Either one. Let's start with Bobby Lord's 24 company? 25 A. If he has one of the original lunch boxes,</p>

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<p style="text-align: right;">130</p> <p>1 he probably has it either in the lake house at Lake 2 Okeechobee or possibly at his insurance company, 3 Stuart Insurance in Stuart. I don't know personally. 4 Other than calling and leaving word on his answering 5 service that I had been called by Touchtunes' 6 attorneys, that they wanted background on what had 7 been done and I had given his phone number out and if 8 he got a call from them, you know, maybe he does or 9 doesn't want to talk to them, but that's what I know 10 of it. I did not actually get a chance to speak 11 directly with Bobby Lord.</p> <p>12 I think somebody at your office tried to 13 contact them, I am not sure.</p> <p>14 Q. Let the record reflect Mr. Sheedy is 15 pointing to Mr. Nelson.</p> <p>16 Now you just mentioned that you had 17 communications capability with this Digital Audio 18 Broadcast System and you used a 286 computer with a 19 1200 Baud modem?</p> <p>20 A. Original modem, 1200 Baud.</p> <p>21 Q. How many songs or how much information was 22 downloaded, do you remember?</p> <p>23 A. As far as the song base was concerned, it 24 was pathetic. We actually abandoned that after the 25 original demonstration because of the compression. A</p>	<p style="text-align: right;">132</p> <p>1 want to know what actually occurred, if you can 2 remember?</p> <p>3 A. When the process to end-code a song was 4 complete, a data record containing the present date 5 of entry of that file, the file size annotations, 6 which would include the recording artist, the credit 7 label, might be Parrot records, RCA, whomever, would 8 include a two-digit code rep, BMI, ASCAP, SECAM or 9 other that would be a double zero, it would include 10 the -- obviously the file size, it would include the 11 play time, it would also technically involve in the 12 originating computer obviously in the FAT file, the 13 sector, the cluster, or clusters or sectors involved 14 and you would update a directory listing.</p> <p>15 Now that was just to record a song. How 16 much further do you want me to go? We've got hours, 17 if you want me to go detail by detail.</p> <p>18 Q. Did you draft or write the software that 19 did that?</p> <p>20 A. Uh, I drafted the logical list and we would 21 adapt it as we found errors.</p> <p>22 Q. But you don't have that documentation 23 either, correct?</p> <p>24 A. No, not really. I don't think so. If I 25 do, I don't have it yet.</p>
<p style="text-align: right;">131</p> <p>1 two megabyte file would take literally a couple hours 2 to download. As far as programming information, that 3 was fairly quick and didn't require a lot of 4 problems.</p> <p>5 Q. Was there an established record of data 6 that was transferred?</p> <p>7 A. If you are talking about protocol, what 8 usually occurs, you would log on to the computer.</p> <p>9 Q. I'm not talking about protocol, I want to 10 know the record of information transferred, the file 11 record?</p> <p>12 A. There was records kept at both ends.</p> <p>13 Q. What did that record consist of that got 14 sent over the files?</p> <p>15 A. What do you want me to start with, the 16 supplying end or --</p> <p>17 Q. Start with the supplying end, finish with 18 the receiving end.</p> <p>19 A. From the supply end, obviously you would 20 have a record --</p> <p>21 Q. I don't mean to interrupt you. I don't 22 want to know what's obvious, I want to know what 23 actually occurred, if you could --</p> <p>24 A. What occurred --</p> <p>25 Q. I don't want to know what would occur, I</p>	<p style="text-align: right;">133</p> <p>1 Q. Was there any compression of any data in 2 that system?</p> <p>3 A. The only compression that we ran dealt with 4 basic word processing and primary compression, did 5 not deal at all with the music compression. We 6 couldn't handle it at that time.</p> <p>7 Q. Was there any graphic information used?</p> <p>8 A. Oh, yeah, lots of graphic information.</p> <p>9 Q. What types of graphic information?</p> <p>10 A. We could map the screen at the other end, 11 we could change its look, we could change the key 12 responses, the keyboard input/output requests, we 13 could change the refresh rate, we could change the 14 read time. We had full control of anything in there 15 and, basically, if you were the client and you said, 16 hey, I don't like the way the screen looks, you know, 17 I want Chicken Little running across it all the time, 18 okay, fine, we added Chicken Little running across it 19 and change your data, your visual data. It's -- we 20 thought we were creative, but the clients became more 21 creative, so we did what they paid for.</p> <p>22 Q. Who did -- where did you get the graphic 23 information?</p> <p>24 A. Fuzzy was pretty good at that stuff. Most 25 of it you wouldn't show to the public, but what he</p>

<p style="text-align: right;">134</p> <p>1 did have that the public could see was pretty good. 2 It was archaic compared to today's sophistication. 3 Q. And you don't remember if any reports were 4 generated or records kept regarding play data? 5 A. Extensive data was developed. 6 Q. Do you have any of that? 7 A. Do I have any of those samples, no. 8 MR. NELSON: Jim, whenever you think 9 would be a good time for a break, we have 10 been going a little over an hour. 11 MR. MURPHY: If you want to take like a 12 ten minute break now, that's fine. 13 (Thereupon, a brief recess was taken.) 14 Q. (By Mr. Murphy) After you worked with the 15 Audio Broadcast System, I believe you testified you 16 began working on what you call a juke box, is that 17 right? 18 A. Uh, coincidentally the juke box system. 19 Q. Why coincidentally? 20 A. Umm, I guess this -- we have to digress a 21 little bit here. What happened, there was a company 22 called Gemco, G-E-M-C-O, on Martin Highway in Palm 23 City, which was at the Stuart exit of the Sunshine 24 State Parkway, now for some reason renamed the Reagan 25 Highway, and there were what was referred to in our </p>	<p style="text-align: right;">136</p> <p>1 System. Many meetings after, as we went down the 2 line this whole situation developed into Premiere 3 Digital. That's what it was called, Premiere 4 Digital. Premium Digital offered the DAB or Digital 5 Broadcast System. 6 Bobby Lord was the president and the gold 7 dust twins were the financiers. As we went along 8 right about the time we were about to peak out, in 9 other words, before the gold dust twins got 10 discovered for what they were really doing and the 11 Feds moved in and the pyramid collapsed on itself. 12 Mike Leonard, Senior, myself, Bobby Lord 13 and one other person, I do not right now remember who 14 that was, there was some sort of an informal meeting 15 there in Bobby Lord's office because senior, Mike 16 Leonard, Senior had said to me, his son asked a 17 question, could we turn this into a juke box. And I 18 said, well, there's no difference between this and a 19 juke box, it is a juke box. And it was about a week 20 or two later that this meeting occurred and Bobby 21 Lord was running the meeting. And we were going to 22 start focusing on developing a version of this system 23 for the juke box industry. 24 And that's what led to Mike Leonard asking 25 me to come up and see him, and he paid for the trip,</p>
<p style="text-align: right;">135</p> <p>1 community eventually as the gold dust boys. These 2 were two gentlemen who had created a pyramid scheme 3 whereby they had some land they leased in Nevada and 4 they claimed that they had found the new process by 5 which to leach gold from an old salt bin, and as any 6 pyramid scheme works, until something trips, you have 7 a lot of money coming in. 8 The boys, which was Mike Krebs and Mike 9 Spilas, that was the other name I couldn't remember, 10 were having a grand old time up there in this massive 11 building. They apparently had purchased Coin Op, 12 which was Mike Leonard, Senior's company here in 13 Florida and they were on a buying spree. They 14 somehow found out about my, and I am very fuzzy on 15 how this occurred, but somehow they found out about 16 me in my early development of the late, you know, 17 late '87 area of this Digital Audio System and 18 invited me up there. And in this meeting is the 19 first time I met Bobby Lord. 20 In this meeting they said they had all the 21 money in the world that would be necessary to develop 22 this project. And they indicated that since they 23 knew Bobby Lord, he was going to be president of a 24 new has-yet-to-be-formed company for the specific 25 purpose of selling the Digital Audio Broadcast </p>	<p style="text-align: right;">137</p> <p>1 umm, and senior, kind of being in the middle of 2 everything we were doing and that's kind of when all 3 this evolved more strongly into a juke box system or 4 at least we changed the labels of the broadcast 5 system to say juke box, instead of anything else on 6 it. And then, of course, the gold dust twins got 7 caught by the Feds and Bobby Lord and I made an 8 agreement that, obviously, without their money, he 9 didn't have anymore to put into it and good luck, 10 Sean, and enjoy yourself. 11 So that's when I made my appeal to the juke 12 box industry, because there's no way I could touch 13 the big boys at the NAB operation, and Bobby and I 14 had already been to that and we had done what we 15 could do. 16 Q. So your -- this all happened late 1987? 17 A. No, no, this all happened very, very first 18 part of 1988. We had originally planned on going to 19 the NAB with this product before the gold dust twins 20 got busted, so Bobby said he'd put up the money to 21 get to the NAB show because he and I were both 22 confident of selling this product at the NAB show. 23 And all we did was we had all the manufacturers 24 checking us out and going back to their little dens 25 and creating their system.</p>

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1 Q. The Digital Audio Broadcast System didn't
 2 include like a cash box, for instance, did it?
 3 A. No physical cash box, it didn't, that's
 4 just an input source.

5 Q. So did the software of your Digital Audio
 6 Broadcast System, would that have to be updated to
 7 include a cash box?

8 A. No, just change one code information in the
 9 line and enable the PIO system.

10 Q. Who did that?

11 A. I did.

12 Q. You did? How exactly did you do it? Do
 13 you remember what changes you did?

14 A. Well, at that time it was in Lattice.

15 Q. Do you have that software, the software
 16 documents anywhere?

17 A. I doubt it. It's a dead language, for all
 18 practical purposes. Now it's not even supported.
 19 C plus plus is a dead language. We're in to Masam
 20 and, you know --

21 Q. What did the -- did the system have a means
 22 to convert digital to audio -- to analog, excuse me?

23 A. Oh, yeah, that was the VSP card. Same card
 24 was used in either system.

25 Q. And was there a song library established?

1 As was envisioned in the juke box system,
 2 to appease the various licensing authorities we
 3 developed a -- more of a logging feature that could
 4 be dealt with later in, I guess, payment or whatever
 5 would have to be agreed upon.

6 Q. I want to know how they were kept on the
 7 computer, what sort of record was kept of them, not
 8 how?

9 A. Well, as I've already explained, there was
 10 a record of the original entry of the item into the
 11 computer file, there was the artist, there was the
 12 name of the performers, you know, whoever they may
 13 be, Garth --

14 Q. Was that typed in by somebody?

15 A. Oh, yeah. As the record's entered, it was
 16 typed in, whereas the audio is entered, audio file is
 17 entered, it is necessary to fill in a prescreen sheet
 18 before you can record.

19 Q. Who would do that?

20 A. Whoever was putting it in.

21 Q. And was the program, a data entry program
 22 written to do that?

23 A. Yeah, it was just basically a screen field.

24 Q. Who did that?

25 A. Who wrote that?

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1 A. There always was, whether it be in the
 2 broadcast or in the juke box.

3 Q. Where was that song library kept?

4 A. Hard drive.

5 Q. Is that on a computer that you owned, you
 6 personally?

7 A. Well, in my -- it was on my development
 8 computer, it was on my removable hard drives and it
 9 was also on my lunch box, but in a limited fashion.

10 Q. Where is that today?

11 A. God only knows. Some dump someplace, I
 12 hope.

13 Q. You didn't keep the library of songs stored
 14 on a hard drive anywhere?

15 A. No. I could buy them on CD for a buck. We
 16 are talking oldie goldies.

17 Q. When you first started developing the
 18 system from the Digital Audio Broadcast System into
 19 the -- into a juke box system, was there a difference
 20 in the way songs were kept or stored on the computer?

21 A. It wasn't necessary to keep as much
 22 information on what was happening with the system in
 23 each individual play because a broadcast station had
 24 a blanket license and, therefore, didn't actually
 25 have to keep records of their music list.

1 Q. Yeah.

2 A. Probably all three of us did. We would
 3 edit these files to suit the application.

4 Q. The data entry program, I'm talking about.

5 A. That's what I'm talking about. We would
 6 write these depending upon what data we felt was
 7 necessary to be captured or the client wanted to deal
 8 with later.

9 Q. Do you have any memory of having
 10 participated in drafting any such software?

11 A. I drafted everything in a block diagram for
 12 the programmers, I then approved all of their source
 13 code and I would make edit corrections if they were
 14 minimal corrections. If they were outlandish, stupid
 15 errors that led to ten hours worth of code rewriting,
 16 I'd stick it back on them to sit at the computer and
 17 straighten it out.

18 Q. And do you have any records of this stuff
 19 either?

20 A. No, not that I'm aware of.

21 Q. Were these people employed by you or your
 22 company?

23 A. They were employed by the company.

24 Q. Are there any employment records, that you
 25 are aware of?

<p style="text-align: right;">142</p> <p>1 A. I wasn't involved in that part of it. You 2 could probably check with the FBI and Florida 3 Department of Insurance, they were the ones who 4 raided Gemco when their scheme collapsed and they 5 were actually being paid through funds that were 6 being transferred from Gemco to Premiere Digital. 7 Q. Was there software on the system you had at 8 the NAB show that produced a report tracking the song 9 plays? 10 A. We produced some very extensive reports and 11 that was what was the primary feature of our system. 12 Umm, at the NAB we demonstrated how you could 13 calculate the rotation availability of a song, how 14 you could -- we actually logged in the DJ using the 15 computer, we logged the satellite interface, we 16 logged the break time, we logged the segway, we 17 logged the misfiring from the satellite feeds, we 18 produced an automatic drop list. 19 For example, say you had a song that the 20 program manager, for whatever wisdom they're worth, 21 might decide should only play for three weeks. It 22 would have a kill date, which simply meant that it 23 wasn't really thrown away, it just was no longer 24 available to the air computer. 25 Q. Who wrote that software?</p>	<p style="text-align: right;">144</p> <p>1 at the time. 2 Q. That's SHE-45, it's marked confidential, 3 correct? 4 A. That's not my stamp. 5 Q. So what exactly was passed out, if you 6 remember? 7 A. There was some printed documentations, we 8 spent a lot of money on some slick folders, pictures 9 of the installations we had, references and then we 10 augmented it with a lot of this typed information 11 that was done at the last minute. 12 Q. Can you tell me from this Exhibit 3 exactly 13 what parts of this exhibit were distributed to people 14 at the NAB show? 15 A. I know specifically that beginning at 45 16 continuing through 46, 47, 48, 49 and 50 that that 17 was part of the technical package that was 18 distributed at the convention along with the folders. 19 Q. Do you have any other documents that were 20 distributed? 21 A. Umm, unless they're in this pile, no, sir. 22 Q. I don't remember seeing any, do you? 23 A. I don't know, no. 24 Q. Okay. Now if you look back -- 25 A. There was a plethora created, obviously,</p>
<p style="text-align: right;">143</p> <p>1 A. We wrote that. 2 Q. We, meaning who? 3 A. All three of us. We -- each of us wrote 4 segments and then mated them. It was quicker. 5 Q. Do you have any documents showing that 6 software? 7 A. I think I've explained clearly to you that 8 to the best of my knowledge, the documentation you 9 have in front of you is the complete documentation I 10 physically have. I think that I have suggested that 11 you might want to contact Bobby Lord, since he 12 basically took all the original information with him 13 and if he's kept it, that's your best source. 14 Q. Let me ask you this, then. 15 Any of those documents that are marked as 16 Sheedy Exhibits 1 through 25 show the software as it 17 existed in 1988? 18 A. I think it describes the performance of the 19 equipment and some software relationships, but not in 20 I believe software documentation, specifically. Uh, 21 maybe Exhibit 3, if you would. 22 Q. Exhibit 3? Does that represent what you 23 brought to the NAB show? 24 A. Uh, well, Exhibit 3 beginning at SHE-45 25 would represent what was being passed out at the NAB</p>	<p style="text-align: right;">145</p> <p>1 but what survived is what we've got. 2 Q. If you look back at the second page of the 3 Exhibit SHE-22, do you see that? 4 A. I do. 5 Q. The bottom it says patent applied for. 6 A. Right. 7 Q. Do you see that? 8 A. Uh-hum. 9 Q. Did anybody ever apply for a patent on 10 this? 11 A. I did through Mr. Robert C. Kime, K-I-M-E, 12 who is, unfortunately, now deceased. He moved to 13 North Carolina and that's the last tracking I was 14 able to accomplish. 15 Q. Robert -- 16 A. To my knowledge it never succeeded and I 17 think that's the end of the issue. 18 Q. But you're testifying today that you 19 actually did file a patent application? 20 A. Well, my attorney -- I filled out a bunch 21 of paperwork and my attorney advised me he was going 22 to do it. He wanted a part of the action. 23 Q. Do you know if anything ever actually was 24 filed in that with the patent office? 25 A. I know I filled out an awful lot of</p>

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<p style="text-align: right;">146</p> <p>1 paperwork. I have no records of anything having been 2 received from the patent office and I've searched the 3 web site at the IBM patent dot IBM dot com, which 4 goes back to '71. I see nothing with my name on it. 5 Q. And this attorney's name was Robert Kime, 6 K-I-M-E? 7 A. Robert C. Kime, K-I-M-E. 8 Q. Where was he located at the time you were 9 dealing with him? 10 A. 359 South County Road, Palm Beach, which 11 was -- I was using his address as my office. 12 Q. And this is 1988, you think? The date of 13 this document is April, 1988. 14 A. It had to have actually been slightly 15 before this document was created, because I had 16 already been in that process when the documents were 17 created. In other words, he was getting upset with 18 me that I was putting too much stuff in what he 19 called the public domain, and if we were going to 20 file a patent, you've got to keep your mouth shut 21 until you get something happening. 22 Q. Is this document, SHE-21 and 22, are those 23 pages that were distributed to anybody? 24 A. They were distributed to Mike Leonard, 25 Senior, to Harris Gates, Sony, RCA, Matsacheta, Sound</p>	<p style="text-align: right;">148</p> <p>1 mention a juke box system by name? 2 A. Oh, by name? 3 Q. Yeah. 4 A. Well, if you haven't found it, I haven't 5 found it. I wasn't looking for it. 6 Q. Where in there does it describe or explain 7 the communication system? 8 A. If at all? To what degree? 9 Q. Any degree. 10 A. If you will refer to 49. 11 Q. Yeah, I got it. 12 A. The third bullet down, fully interfaced 13 with traffic. 14 Q. What does that mean? 15 A. That means that obviously you had to have a 16 connection. 17 Q. It's obvious to you, correct? 18 A. It's obvious to anybody but a moron that 19 you'd have to have a connection. There's no way 20 you're going to interface two computers without a 21 connection. 22 Q. What does traffic mean? Does that mean 23 cars on the road? 24 A. That was in the context of a broadcast 25 system. Traffic computer is a computer, as I've</p>
<p style="text-align: right;">147</p> <p>1 Leisure, Alan Black and to Colin Holloway. I am sure 2 there were others that got them as reproduction from 3 his people receiving them, but directly that's the 4 only ones I am absolutely sure got them. 5 Q. How were they sent to RCA, Sony, 6 Matsacheta? 7 A. They were delivered at the NAB show. 8 Q. Representatives of those companies came by 9 to pick them up? 10 A. Right. They were given in hand along with 11 the whole thing. 12 Q. And it said patent applied for on this 13 document? 14 A. At that time, right. 15 Q. Were you aware that you could be fined for 16 putting patent applied for if it is not true? 17 A. Sue me. 18 Q. Have you given this out to anybody since 19 that time? 20 A. Oh, no, this thing -- this whole damn 21 thing's been buried for years. 22 Q. Okay. So now SHE-45 through 50 you 23 testified was disseminated, correct? 24 A. Yes, sir. 25 Q. Where in there, in those pages, does it</p>	<p style="text-align: right;">149</p> <p>1 already explained, that designates when things are 2 supposed to occur, when they're expected to occur and 3 it's the validation system. It would interface with 4 the play computer and it would also, in part, give 5 advanced information to the production department of 6 when a commercial is expected to be read in the air. 7 Q. It doesn't say any of those things in this 8 document, though, does it? 9 A. Again, like I say, we're dealing with 10 people here who appear to be fairly intelligent in 11 this matter, so it would have to be assumed that they 12 have the intelligence to realize that; however, if 13 you will refer to the last bullet in that same 14 section, complete business management statistics from 15 network system allowing, that completely shows you 16 that obviously you've got another computer involved 17 in here that's obtaining its information from 18 someplace else. 19 It also says a multi user network, further 20 down, with 1,056 users or stations. Also to satisfy 21 one of your former questions, if you will look in the 22 section, the next bulleted section, the last bullet 23 in that bulleted section, as it goes into a space 24 there, it indicates quite clearly that each of -- 25 each of your library or commercial listings includes</p>

<p style="text-align: right;">150</p> <p>1 date entered, artists, classification, total time for 2 play, last played and total plays. And that seems to 3 be common with both broadcast and juke box. 4 Q. And where does it say that the phone line's 5 going to be used to communicate between remote 6 computers? 7 A. Where is it necessary to specify the form 8 of communications? It indicates that there was a 9 presence of communications. 10 Q. You mentioned one -- you mentioned the 11 network system terminology. 12 A. Right. It was maintained at the station 13 and I also testified that we set up a computer at 14 Martin Highway, which communicated with the WSTU to 15 make corrections to our errors and in just one test 16 situation, attempted to download some songs just out 17 of trying to get some time records for. We suddenly 18 discovered without compression, that was a bad 19 thought. 20 Q. This doesn't say anything about that, does 21 it? It just says network system. 22 A. Says network system. 23 Q. That just means certain computers in one 24 general location are being connected, correct? 25 A. Gee, that sounds to me like communicating.</p>	<p style="text-align: right;">152</p> <p>1 A. I did not have it. 2 Q. You represented to them that there were 3 patent applications on file. Do you remember the 4 conversation? 5 A. I remember advising them that that was a 6 legal matter that was being handled by Mr. Kime. I 7 did not know the status of all the information, other 8 than the fact that we were applying. 9 Q. Okay. Coming back to this Exhibit 3, and 10 specifically the pages 45 to 50 that you testified 11 you -- 12 A. Okay. 13 Q. -- disseminated, is the -- is a coin box or 14 a money acceptor stated in there anywhere? 15 A. Well, counsel, there -- if you are trying 16 to trip me up on something here, let me refresh your 17 memory a little bit and take you back to Page 46 of 18 SHE documents of Exhibit 3, and I think it clearly 19 specifies technical specification for SDS Digital 20 Audio Program System. 21 Let me take you back to Page 25, if you 22 would, of document 3. This refers to Item Number 2, 23 which says juke box response. It talks about 24 technical information, a general business plan, and 25 press releases. It's clear on this page, which is</p>
<p style="text-align: right;">151</p> <p>1 Q. And the next point down where it says user 2 slash station, that implies multiple computers in the 3 same general location, correct? 4 A. Correct. 5 Q. Just to -- I'm going to stay with this for 6 a minute, but just to go back, when we were talking 7 about that patent issue, there's a letter here from 8 the Seeburg Corporation. Do you remember that? 9 A. There is a letter in there from Seeburg. 10 Q. Yeah, I am just trying to find the exhibit 11 number. 12 A. It should be with all that Sound Leisure 13 stuff. Here we are, it's your Exhibit 5. 14 Q. Five. Thank you. If you look to the 15 second page, it's SHE-251, do you see that? 16 A. I do. 17 Q. And it says -- the very first sentence 18 says, in order to fully evaluate all aspects of your 19 proposal, we would also need to see a copy of the 20 patent applications covering the system, correct? 21 A. Correct. And they were referred to Robert 22 Kime at the time who said, as I understand, I was 23 only third party, that he would supply them some 24 information based upon a confidential agreement. 25 Q. Okay. But --</p>	<p style="text-align: right;">153</p> <p>1 all part of Exhibit 3 for the classification 2 information dated April 19th, 1988, that the intent 3 was to use this in the application of a digital juke 4 box situation, that the technical specifications 5 which are outlined on the sheets that you have 6 already pointed out which are beginning at Page 45 of 7 the technical information section in Exhibit 3 are 8 extremely broad. 9 That the original mention was made that it 10 could be intended to be used and it was intended to 11 be marketed in the juke box industry. The fact that 12 you're picking at a minute point stating that this 13 particular specification didn't have the word juke 14 box anywhere in it is ambiguous and ridiculous to the 15 fact that it's not even a valid question. 16 Q. Where is the software mentioned in the 45 17 to 50? 18 A. Well, where do you want to start? It's all 19 throughout here. Beginning Page 46 there is a 20 notation that there is no compression. 21 Q. Uh-hum. 22 A. That would be my first response to mentions 23 to software. 24 Maximum storage capacity, on Page 47, is 25 listed as unlimited and there's a notation made that</p>

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<p style="text-align: right;">154</p> <p>1 says the size of the hard disk is now the only 2 limiting factor. Use of a WORM allows 800 megabytes 3 per removable unit. Umm, obviously that has to be 4 under software control.</p> <p>5 Page 48, if you will go to Paragraph 2 6 under the overview description, it says, the unit 7 with specific software will sample audio present at 8 its input and digitize to the media.</p> <p>9 It identifies several medias of the host 10 system thus allowing for permanent storage of the 11 audio in digital form. Umm, it's quite extensive in 12 its description in there. If you'd like me to read 13 it into the record I will, otherwise we'll just defer 14 to the fact that it's on Page 48.</p> <p>15 Q. That's fine.</p> <p>16 A. All right. Further software indications, 17 go to Page 49, SHE, second set of bullets or stars or 18 asterisks or however you want to refer to it, live 19 script on screen at commercial break.</p> <p>20 Again, referring to software, the final 21 bullet in that one section where, again, identifies 22 date entered, artist, classification, total time for 23 play, et cetera, for each library listing. That is 24 absolutely dependent upon software. It refers to 25 password level controls, that's a software issue.</p>	<p style="text-align: right;">156</p> <p>1 Q. When did the entire package get sent to 2 anybody?</p> <p>3 A. By no later than April 19th.</p> <p>4 Q. How do you know that?</p> <p>5 A. Because that's the date stamped that was 6 put on that and every package that was disseminated 7 had a date sensitive stamp that was the date. In 8 other words, if I sent you a package on the 24th, the 9 date would have read the 24th. If I sent you one on 10 January 1st, it would have read January 1st. This 11 package was disseminated on April 19th, 1988.</p> <p>12 Q. Do you know who this went to, this 13 particular package?</p> <p>14 A. I know that this went to your juke box 15 people, which was Alan Black, Colin Holloway, Mike 16 Leonard, Senior, Mike Leonard, Junior, Bobby Lord, a 17 couple other people who had written us. I believe 18 Seeburg also got it. Yeah, because that would have 19 triggered their request for the patent information, 20 so they did receive it.</p> <p>21 Q. And this was sent out as classified 22 information, right?</p> <p>23 A. Right. But on Page 52 it says focus on 24 juke box in the business plan. It described theft 25 proof collection system, accounting, remote</p>
<p style="text-align: right;">155</p> <p>1 Erase lock-out, that's a software issue. Output 2 records mesh with a dBase 1-2-3 type file, that's 3 absolutely a software issue.</p> <p>4 If you will look at Page 50 and go to one, 5 two, three, four, fifth bullet down, completely 6 software controlled and go to eighth bullet, 7 extensive software interfaces for implementation and 8 other programs commonly used in the business 9 operation.</p> <p>10 A vague reference would be the -- I think, 11 its the 11th or 12th asterisk down, it says low cost 12 integration/expansion, et cetera. Oh, yeah. Are we 13 on the same question? Please go to Page 52 of 14 Exhibit 3, I saw it staring me in the face, smacking 15 me in the face.</p> <p>16 Q. Was this something that you gave out, 52?</p> <p>17 A. This was all -- this whole entire thing was 18 given out.</p> <p>19 Q. You testified at the trade show you only 20 gave out through 50.</p> <p>21 A. Well, it was only a NAB show. They 22 don't -- they could care less about a juke box at the 23 NAB show. But as far as this being disseminated into 24 the public domain, this information was a package 25 that made it into the public domain in its entirety.</p>	<p style="text-align: right;">157</p> <p>1 programming very closely. It described that on Page 2 52.</p> <p>3 On Page 53 of this business plan it further 4 described the differences between two distinct 5 businesses, the music providers and the juke box 6 operators.</p> <p>7 Q. Let's talk about any specific device that 8 was actually built, if you call it a juke box or 9 whatever you want to call it.</p> <p>10 After your Digital Broadcast System, when 11 did -- when was the device built that you actually 12 called a juke box, the first one?</p> <p>13 A. Actually we just remapped the screen and 14 set up Line 16 of the PIO card, it was either Line 16 15 or Line 12 of the PIO card to recognize a form C 16 closure, which would occur from the Sentinel or other 17 coin validation system and allow the system to then 18 accept input from the user.</p> <p>19 Q. And when did you first do that?</p> <p>20 A. Umm, well, March or April, right in that 21 area. I mean, we just by Leonard's coaxing, we just 22 kind of -- they gave us the cash reader and we just 23 added code lines to the system to allow the system to 24 be activated. In other words, we eliminated the 25 password and made the form C closure coming from the</p>

<p style="text-align: right;">158</p> <p>1 coin box to bypass the password requirement. Kind of 2 like a dummy password.</p> <p>3 Q. And was there -- how did you sort the songs 4 on the system?</p> <p>5 A. Well, it was quite easy. There was only 6 ten in the beginning.</p> <p>7 Q. How did you do it?</p> <p>8 A. They were just recorded into the hard drive 9 and their -- through FAT, you had a directory and you 10 just referred to the directory allocation and played 11 from there.</p> <p>12 Q. You keep saying you, was it actually 13 done -- was there any sorting done by the computer?</p> <p>14 A. Well, of course the computer puts that 15 information in there, you have no control over what 16 sector or segment it ends up in. Once it's 17 end-coded, then the computer tells you where it put 18 all that information and you refer to that in your 19 software from the play list.</p> <p>20 Q. And how was it -- how was the song list 21 displayed then?</p> <p>22 A. The song would appear on the lunch box's 23 screen with a number to the left of it, the song's 24 title, underneath it would be the artist and the band 25 or whoever performed it and in some cases we went so</p>	<p style="text-align: right;">160</p> <p>1 A. The system did it automatically for us. We 2 knew what information was there because the system 3 kept that data. We could sort the -- sort the 4 information by artist.</p> <p>5 Q. I know you could, I am saying did it?</p> <p>6 A. Yes, it always did that. That's how it 7 kept its own internal files. That was automatic.</p> <p>8 Q. So you could display it that way too by --</p> <p>9 A. Through a maintenance menu, yes.</p> <p>10 Q. Did it actually do that?</p> <p>11 A. If the operator wanted to access the 12 maintenance menu, yes.</p> <p>13 Q. So the software was there to do it?</p> <p>14 A. Absolutely.</p> <p>15 Q. Again, we don't have any of those records, 16 right?</p> <p>17 A. Physically, no. But it's described 18 completely in the document number three that you have 19 already referred to.</p> <p>20 Q. That the sorting is --</p> <p>21 A. Everything's there. It was more sorting 22 than you are even looking for right now.</p> <p>23 Q. What -- where in the document Exhibit 3 is 24 the sorting shown?</p> <p>25 A. Begins at 48 of Exhibit 3, starts out the</p>
<p style="text-align: right;">159</p> <p>1 far as to indicate the trivia information, in other 2 cases it was never included. That was on the visual 3 perspective.</p> <p>4 Q. And was it ever -- did you ever sort any of 5 these songs by what type of music it was?</p> <p>6 A. I think everything we put in there at that 7 particular time was all MOR for the demo.</p> <p>8 Q. What's MOR?</p> <p>9 A. Middle of the road.</p> <p>10 Q. What do you mean by that?</p> <p>11 A. Herb Albert, Anthony Williams, you know, 12 boring stuff.</p> <p>13 Q. It's -- they are all in the general 14 category?</p> <p>15 A. Yeah, they are all in one library 16 classification. You could easily sort -- we had like 17 two songs by Herb Albert, the Tiawana Brass. If you 18 wanted to know how many Tiawana, how many Herb Albert 19 songs were on the disk, through the maintenance menu 20 you could find out real quickly. It was not 21 available on the screen because that was not a 22 function that the person was going to pay 25 cents to 23 find out.</p> <p>24 Q. But you didn't do it, did you? The system 25 didn't do it, correct?</p>	<p style="text-align: right;">161</p> <p>1 last bullet, place complete library of 2 music/commercials on unit size of two drawer filing 3 cabinet, thus replacing entire rooms of tapes, 4 records and CD's.</p> <p>5 It's in a section by all users of any of 6 the library automatic log generation, the ability to 7 add and update the library system, exchange with any 8 other station via telephone line. Incidentally, now 9 that you've refreshed my memory, there is your 10 communication capabilities referred to.</p> <p>11 Complete business management statistics 12 from network allowing, automatic time card log in, 13 infinite history on air and employees, full 14 accounting package, complete FCC logs produced, 15 automatic traffic department driven air control. 16 Here we have, again, each library listing includes 17 date entered, artists, classification, such as MOR, 18 rock, et cetera, total time for play, last played, 19 total plays, complete search capability to locate 20 item wanted, so forth.</p> <p>21 Q. I didn't hear you mention anything like 22 about songs or song classifications?</p> <p>23 A. You didn't? Okay. Would you please refer 24 to Page 49 of Exhibit Number 3?</p> <p>25 Q. Sure.</p>

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<p style="text-align: right;">162</p> <p>1 A. Go down to the second set of bullets. 2 Q. Okay. 3 A. Go down to the last bullet where you enter 4 into -- it says each library commercial listing 5 includes, item number three, classification, MOR 6 slash rock, et cetera. 7 Q. Does that include a display sorted by all 8 those things? 9 A. Uh-hum. 10 Q. How do you know that? 11 A. Because it was designed that way. I was in 12 charge of that. I could track anything. 13 Q. You could track it but, I mean, I am 14 talking about sorting and then displaying the sorted 15 information. 16 A. My God, man, if it's on the computer, you 17 can sort it any damn way you want. 18 Q. You could, you mean cause you know -- 19 A. You could. It was in the software 20 available to you. Just sort, pick the sort you want 21 to sort. It produced a databased 1-2-3 file for 22 output or you go could look on the screen for 23 maintenance. 24 Q. Do you have any of those -- any screen 25 design things or anything you're aware of?</p>	<p style="text-align: right;">164</p> <p>1 A. Right. And Colin Holloway was there, all 2 at his office. 3 Q. Let me take you back to Exhibit 3, Pages 51 4 through 53 that you volunteered some testimony about. 5 Do you remember that? 6 A. Well, I'm sure you will refresh the pieces 7 you want me to remember. I did testify to this. 8 Q. Yeah. Umm, and you testified that this was 9 the juke box reference from this Exhibit 3, correct? 10 A. I did. 11 Q. Okay. If you look at Page 53, the top, at 12 the very top starting with the first complete 13 sentence, do you see that? 14 A. The juke box cannot write to disk from its 15 files, and thus prevents the transfer from machine to 16 machine of material. 17 Q. Doesn't that contradict what you are saying 18 previously, that files were transferred between 19 computers and over phone lines and whatnot? 20 A. No, it doesn't. 21 Q. Why not? 22 A. Because if you will go back to Page 52, we 23 are talking about security. 24 Since it will be necessary to guarantee 25 that the producers and pressers of the control for</p>
<p style="text-align: right;">163</p> <p>1 A. If I could find some of my notebooks back 2 in that period, which I don't know, I could probably 3 have made references or notations. I'm sure Bobby 4 Lord has it, however, I think if you refer to 5 documentation with Sound Leisure -- 6 Going to Exhibit 15, if you refer to 7 BLA-03, 04 and also 05, beginning at 05 you will see 8 that there is a reference dated April 20th, 1988 9 where there's a sketch on there indicating there's a 10 phone line in use to communicate from the central 11 station audio to the site computer. That's the 12 reference to your communications of earlier. 13 Q. Before we go on, though, do you actually 14 think that that was part of the original letter, 15 April 20th, '88? 16 A. No, that's notes that he made on that 17 letter when I was with him in England, as he made 18 annotations as we discussed with Colin how we had to 19 make this thing communicate and perform and changes 20 we were going to make. 21 Q. Who wrote that? Who drew that diagram? 22 A. Alan did. 23 Q. Alan Black? 24 A. Alan Black. That's his writing. 25 Q. When you were in England?</p>	<p style="text-align: right;">165</p> <p>1 the distribution of the music or material, the code 2 built into the system makes it impossible for the 3 music to be loaded on any machine or machines not 4 authorized for the selection. This system will not 5 allow the digitized music to load or be copied in the 6 system unless the code for that load is present on 7 the copy. 8 This was a security feature that was built 9 in to keep the juke box operators from cloning the 10 hard drives. It didn't mean you couldn't write or 11 communicate with them. If you had a valid password, 12 you were in control. You just could not clone them. 13 That was designed to keep a large amount of 14 these dishonest operators from, like they do now with 15 the games and stuff, they just make copies and put a 16 bunch of high jack stuff out there on the street. Of 17 course we now know that there was no way to 18 absolutely prevent it. 19 Q. Well, if you go down further, there's a 20 paragraph that begins several methods, do you see 21 that? 22 A. Right, I see that, it's under two. 23 Q. Yeah. And it gives several methods of 24 delivery of the music material. 25 A. Yeah, right.</p>

<p style="text-align: right;">166</p> <p>1 Q. Does that music material mean the digitized 2 music?</p> <p>3 A. Well, it would have to be digitized music.</p> <p>4 Q. It says several methods of delivery is 5 possible?</p> <p>6 A. Right.</p> <p>7 Q. It could be downloaded by the supplier 8 directly to the vendor juke box on site?</p> <p>9 A. Correct.</p> <p>10 Q. Or in the shop, correct?</p> <p>11 A. Correct.</p> <p>12 Q. Or to a computer with a special program in 13 it to allow transfer to a juke box?</p> <p>14 A. That would basically be, you would take 15 your computer with you, hook it directly into the 16 other computer, they would look for a valid 17 handshake, they would check each others encryption 18 and then, depending upon whatever the limits were, 19 they would proceed with the automatic program.</p> <p>20 Q. What was that, the special program referred 21 to, did you have one of those?</p> <p>22 A. Just password. Set up three layers of 23 passwords.</p> <p>24 Q. Did you have one?</p> <p>25 A. Oh, yeah.</p>	<p style="text-align: right;">168</p> <p>1 update itself --</p> <p>2 A. Yes.</p> <p>3 Q. -- via that communication link?</p> <p>4 A. At Gemco we had six phone lines in the 5 programming department and we routinely would use the 6 phone lines to call out and call back in to verify 7 what our capabilities were over the network to try 8 and find out how to deal with noise.</p> <p>9 Umm, often the guys would call in from 10 their houses and do programming in the middle of the 11 night. Umm, sometimes we'd come in in the morning 12 and there would be oh, some less than desirable 13 things coming across the computer playback system 14 that Fuzzy would dump in over the middle of the night 15 that he felt was cute. Umm, the guys did a lot of 16 strange things with that system.</p> <p>17 Q. Is that to test the system they did that?</p> <p>18 A. Well, that was their excuse. They were 19 actually doing remote programming, but Fuzzy, like I 20 said, occasionally would go off the deep end. We'd 21 come in there and see some unseemly pictures on some 22 of the monitors we would see or we would hear. We 23 heard the whole playback of the Hot Nuts album one 24 morning, which we had no control over. We couldn't 25 stop it. He had it locked-out, so the men -- you</p>
<p style="text-align: right;">167</p> <p>1 Q. You did?</p> <p>2 A. We even have a -- had a card that was made 3 for us by Delanco Spry, which was actually a 4 mechanical card.</p> <p>5 Q. What does that mean, mechanical card?</p> <p>6 A. It meant that it wasn't necessarily 7 software based for the code, the code could be 8 hardware end-coded into a ship and although it's 9 technically software in the ship, it's a technical 10 block and you couldn't activate the serial port until 11 the card had exchanged itself with the other serial 12 card and being part of the licensed system. It was 13 too clumsy, so it really didn't fly.</p> <p>14 Q. But we don't have any documents on that 15 function either, that program, correct?</p> <p>16 A. Well, Delanco Spry is still in existence, 17 he will be happy to load you with all the document 18 you want.</p> <p>19 Q. I mean, your software or your system?</p> <p>20 A. I don't actually physically have a physical 21 system, period, in existence. It's in a landfill 22 someplace.</p> <p>23 Q. Was your -- the juke box system, as you 24 call it, ever hooked up to a phone line, the juke box 25 ever call another computer, download information and</p>	<p style="text-align: right;">169</p> <p>1 went into the lab, that's all you heard. That was a 2 group from the 60s that was considered, back then, a 3 little rausch. Now they're not even mild.</p> <p>4 Q. But when you -- if the system dialed up 5 over the phone lines, a remote system that had a 6 library of songs, you said you did that, correct?</p> <p>7 A. Yeah, they did that often.</p> <p>8 Q. And when it did that, the computer that 9 would play the juke box communicated with the library 10 songs to download songs, is that what it did?</p> <p>11 A. Well, actually what happened is we would -- 12 we built a oscillator that would simulate coins going 13 through the system so that when you reached -- if you 14 told it that a thousand counts would equal a full 15 box, after the computer detected whatever level we 16 might set it at, say 750 counts, it would grab the 17 modem line attached to it, call the main computer, 18 which is really sitting a few feet away from it but 19 it went to the central office and came back over a 20 separate phone line, and it would say, help, I'm 21 full.</p> <p>22 Obviously wouldn't quite say it that way, 23 but it gave us a code so we knew we could collect.</p> <p>24 Uh, also, too, we would simulate past if that 25 particular unit was sitting in a bar someplace and we</p>

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<p style="text-align: right;">170</p> <p>1 would change its screen display. Umm, in the early 2 beginnings we used to download songs, but like I 3 said, the downloading was excruciating, so we kind of 4 really didn't bother that much after we had enough 5 songs on there, we could just rotate the list and 6 make it look different. Umm, but we functioned all 7 the processes.</p> <p>8 Like you say, everything except for 9 downloading songs was normal. Downloading of songs, 10 because of the lack of suitable compression and the 11 slowness of the phone lines and the interfaces made 12 that excruciating. And for test purposes, after 13 proving that it worked very well, because it took so 14 much time we didn't bother with it. We proved the 15 point that you download over the phone line.</p> <p>16 Today you're talking a couple minutes to 17 download major files and you can -- you could use the 18 internet for all matters, but we didn't have internet 19 back then available to us. The modem technology was, 20 compared to today, very archaic, but we dealt with 21 what we had and we functioned everything.</p> <p>22 Q. And was anything compressed?</p> <p>23 A. Just our data transfer, as far as 24 accounting, screen displays, that would come in as a 25 compressed file because the compression technology</p>	<p style="text-align: right;">172</p> <p>1 A. I don't think you have any program files 2 here. There was over two and a half million lines of 3 code when this project was in its full-blown 4 developmental stages and it would take several boxes 5 of continuous form 14-inch paper to deal with 6 something like that.</p> <p>7 Q. It was a pretty complex program?</p> <p>8 A. Well, that wasn't the extent, but as 9 everybody came forward said, well, I need it to do 10 this, well, I want it to sort this, I want it to do 11 that, how come, what if, you know, you kept adding 12 pieces and it just grew into a monster. It's like 13 any computer program.</p> <p>14 Q. To make it do everything that ultimately 15 you wanted it to do, it became somewhat complex?</p> <p>16 A. Umm, to do the basics it wasn't complex. 17 We had to eventually supply accounting software, we 18 had to supply database records software, we obtained 19 licenses from Lotus, Waing Computer Associates, we 20 had a bunch of people because we had to integrate 21 their packages and, of course, that added to the 22 overhead of source coding.</p> <p>23 As far as the essential down and dirty of 24 the system, it probably comprised about half of a -- 25 half a million lines of code.</p>
<p style="text-align: right;">171</p> <p>1 for that was readily available and it would be 2 uncompressed at the site through an execute program. 3 I think we were using PK Zip at that time. PK Zip or 4 LHR, that was -- those were the two we spent most of 5 our time with.</p> <p>6 Q. How were the -- how was the data handled 7 that was transferred from the computer that would 8 play the music?</p> <p>9 A. It was basically stored in a file location, 10 a directory, a sub-directory and either on its own 11 initiation when it reported a coin box or when it was 12 contacted by the mother computer or you came to the 13 site and connected for that purpose, a copy of that 14 directory was made. Once the copy was verified at 15 the location that it was being sent to or received 16 at, that directory was reset to zero data so it could 17 then start collecting new data or new statistics, 18 whatever it was being told to write to that delivery.</p> <p>19 Q. How was that process controlled?</p> <p>20 A. By program.</p> <p>21 Q. The computer that played it, the music?</p> <p>22 A. By program.</p> <p>23 Q. Do you remember who wrote that program?</p> <p>24 A. Fuzzy did. It was a quick little program.</p> <p>25 Q. We don't have that, right?</p>	<p style="text-align: right;">173</p> <p>1 Q. And then to do everything you wanted it to 2 do, what did you say, over 2 million?</p> <p>3 A. We had well over 2 million lines of code. 4 Well over that.</p> <p>5 Q. What did that measure, other communication 6 sorting, those sorts of things?</p> <p>7 A. More of the customized stuff, which would 8 be your office wants to know how much pause in 9 between plays has occurred, so we'd pull the real 10 time clock in between to ask how many clicks have 11 gone by, translate that into minutes so that you 12 could tell how much dead time was occurring at the 13 site that you had this juke box at; was it worth 14 keeping this thing there, did you need to change the 15 song format because nobody's playing MOR, nobody's 16 playing country because this place has suddenly gone 17 hard metal.</p> <p>18 You know, it had all these statistics that 19 you could sort and sort in a DB 1-2-3 database, which 20 the operator then would license additional software 21 through us and do his own extrapolations.</p> <p>22 Q. I think that's the first time you mentioned 23 DB 1-2-3. What part of the system used the DB 1-2-3?</p> <p>24 A. The DB 1-2-3 was an add-on piece of 25 software which we licensed the source code to</p>

<p style="text-align: right;">174</p> <p>1 Premiere Digital from, I believe it was Lotus 2 Corporation at the time. It's a Lotus 1-2-3 database 3 program. It was merely an add-on function. We could 4 get five times the value of that software, so we 5 wanted to include it as part of our sorting routine 6 rather than for some clever operator to figure out he 7 could go to the local store and get it for \$31, so we 8 would collect 2 or \$300 hidden in the price of the 9 program. So for what we bought probably licensed in 10 a computer, probably \$10 a copy.</p> <p>11 Q. What did it do?</p> <p>12 A. It gave them interface to the raw data to 13 sort it in any field or any combination they wanted.</p> <p>14 Q. Didn't you say it was already very simple 15 to sort?</p> <p>16 A. It is. You just use whatever tool you want 17 to sort it all, the data's maintained on the hard 18 drive, the question is what do you do with all the 19 data.</p> <p>20 Q. So it didn't sort necessarily, you bought 21 this additional software that helped it?</p> <p>22 A. You could ask the computer to sort it by 23 asking it, only certain fields of data to be 24 delivered to you and it would simply search and sort 25 for those fields and deliver it to you in a list.</p>	<p style="text-align: right;">176</p> <p>1 Q. Okay. 2 A. Wherever. And he had a password that would 3 allow him certain functions and he would interface 4 through the menu that would come up using his 5 password. There were hidden key combinations that 6 you would use, like Alternate Control S, which would 7 bring up the service menu. And then you had to enter 8 a password.</p> <p>9 Q. First of all, give me a specific location 10 where this thing was, so we can operate from that 11 basis?</p> <p>12 A. Brian's Place in Jupiter on Indiantown 13 Road, west of I-95.</p> <p>14 Q. What did it look like? Was it in some sort 15 of wooden housing, do you remember?</p> <p>16 A. It was pretty pathetic.</p> <p>17 Q. What did it look like, just a general 18 description?</p> <p>19 A. We had a 386.</p> <p>20 Q. I am talking about just the housing now.</p> <p>21 A. That's what I'm saying. It was a 386 with 22 a 15-inch monitor mounted inside a table top unit 23 that was built for us by the boat yard guys. It was 24 a white laminate thing, it had a membrane keyboard 25 that was on the front of the unit, it was flush</p>
<p style="text-align: right;">175</p> <p>1 The list may or may not be the way you want to look 2 at it, so you use an additional filter to present it 3 in a form you're happy with.</p> <p>4 It's like you're not happy with my answer, 5 so you're fussing in your head right now, how do I 6 play the next question. I am giving you data input, 7 you're trying to figure out how to make use of it. 8 That's what we gave the operator was raw data sorted 9 in any application he could dream of that was useful 10 to him at that moment for whatever purpose he may 11 have, but we also gave him an advanced software tool, 12 which was on the market so he could just simply say 13 computer, sort everything in locations 13 and 5 and 14 produce it in a report that has my name on the top 15 and label it this way. I mean, that's all it really 16 was.</p> <p>17 Q. What buttons were pushed by the user to do 18 that?</p> <p>19 A. It would depend upon the service menu he 20 brought up with his passwords.</p> <p>21 Q. So you had different service menus then?</p> <p>22 A. Correct. In other words, the guy who went 23 to the site had a password.</p> <p>24 Q. What site?</p> <p>25 A. Juke box site, a bar.</p>	<p style="text-align: right;">177</p> <p>1 mounted, and it fed amplifiers, which were behind the 2 bar that fed the bar speakers.</p> <p>3 Q. When was it placed there at Brian's Place?</p> <p>4 A. Right after we -- actually it was placed 5 there while we were at the NAB show, but was not 6 activated until after we got back because of some 7 foul-up in the agreements or something.</p> <p>8 Q. Was it working?</p> <p>9 A. Oh, it was hot. It was all country music 10 on that sucker.</p> <p>11 Q. How many songs on it?</p> <p>12 A. I think we had close to 160 songs on there. 13 WIRK gave us the songs, we recorded in their studio 14 with their system.</p> <p>15 Q. And they didn't have a problem with that 16 even though you didn't have the copyright licenses?</p> <p>17 A. Umm, my answer to that is nobody asked 18 questions, we offered no explanations.</p> <p>19 Q. And what size hard drive were you using to 20 get a hundred songs or so on it?</p> <p>21 A. We had four hard drives on a Delanco Spry 22 dual server card.</p> <p>23 Q. How were those songs put on those hard 24 drives?</p> <p>25 A. We end-coded every hard drive individually</p>

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1 at WIRK and took hard drives over to the system.
 2 Q. Was that system hooked up to a modem or a
 3 phone line?
 4 A. Right, and it would report every night to
 5 us what song -- the songs were free plays, we didn't
 6 charge for the songs, the songs were free plays and
 7 it just simply gave, which WIRK, in agreement with
 8 them, we gave them the song list that was generated
 9 to us the following day so that they could then
 10 decide what the most popular songs were that were
 11 being listened to in the bar. They would just adjust
 12 their programming to play those songs over the air.
 13 Q. What information was downloaded from any
 14 off-site location to that?
 15 A. From Brian's Bar or Brian's Place I think
 16 it was 2:30, 3:00 in the morning, however accurate
 17 that clock was. It would call the Gemco office, it
 18 would handshake with an isolated computer, it was in
 19 Bobby Lord's office and it downloaded all the
 20 information, the play list information, umm, the --
 21 obviously which songs had been played, how often they
 22 had been played and we were -- every time you hit
 23 enter, cause you use the scroll bar to scroll your
 24 list, every time you hit enter to cause a play, we'd
 25 count that as a quarter.

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1 A. No, no, I was busy -- the pyramid by then
 2 was collapsing over there. I was already doing this
 3 other stuff and it was just -- it was a moot issue.
 4 I mean, somebody was going to manufacture it, we
 5 weren't.
 6 Q. But you couldn't get anyone else to finance
 7 the manufacture of it?
 8 A. I thought that Mike Leonard had the ability
 9 to secure or sponsor it himself and I also felt that
 10 Alan Black was going to do it and I'm quite sure they
 11 intended to do it, however, I'm also quite sure that
 12 because of the actions of BMI, ASCAP and SECAM, this
 13 destroyed the opportunity.
 14 Q. Did you ever try to get -- besides Leonard,
 15 did you ever try to get any other financing from
 16 anybody else?
 17 A. Uh, the perception of people in the coin
 18 operated business has been noses out of the borrows.
 19 Getting somebody to provide financing to cover people
 20 like that, the basic comment would be go get
 21 financing from the same place these guys operate out
 22 of. They have plenty of cash, let them do it.
 23 I couldn't get what I would consider
 24 well-funded legitimate sources to even consider it
 25 because of that connection and, of course, the cloud

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1 Q. So you're talking about the unit at this
 2 bar, send it to Bobby Lord's office?
 3 A. The accumulated data, yes.
 4 Q. What information was sent to the Brian's
 5 Place unit?
 6 A. Nothing was sent to Brian's Place, they
 7 called us. It was automatic. We were using their
 8 credit card line.
 9 Q. Were any other units ever installed in any
 10 other locations?
 11 A. Not unless the other guys made their own
 12 units. This was the only functional working unit
 13 that we've displayed.
 14 Q. How long did it stay at Brian's Place?
 15 A. Until somebody stole it.
 16 Q. Do you remember when that was?
 17 A. You'd have to get the police report, but it
 18 only -- that thing lasted in there and he had a
 19 break-in like two weeks after we had it in there and
 20 that -- and everything else was stolen, cash boxes.
 21 I guess they thought there was money in the thing.
 22 And then the guy had the nerve to ask us to replace
 23 it.
 24 Q. You never made another one that you
 25 installed anywhere?

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1 that was hanging over the legality of the songs.
 2 Q. So at some point did you just decide to
 3 abandon it or what happened?
 4 A. No activity on it. I wasn't going to waste
 5 my time following a dead issue. I had already
 6 developed a lot of other more pertinent things from
 7 my experience in this.
 8 Q. Let me refer you to the Exhibit 13, if you
 9 would.
 10 A. Okay.
 11 Q. At the bottom of the first page, the last
 12 full sentence says, it is the intent of the parties
 13 that the corporation will exploit the concepts
 14 discussed in the presentation of materials submitted
 15 by Sean D. Sheedy, et cetera. Do you see that?
 16 A. Uh-hum.
 17 Q. Do you know what those presentation
 18 materials consisted of?
 19 A. It was probably the classified information
 20 that we went over before in Exhibit 3 and could have
 21 been a lot of other material.
 22 Q. But you don't know as you sit here today?
 23 A. Do I recall the absolute items, no.
 24 Q. Okay.
 25 A. I would say it was anything pertaining to

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<p style="text-align: right;">182</p> <p>1 it that I had in my file was disclosed. 2 Q. Let me refer you to the Exhibit 14. Do you 3 have that, it's the joint venture agreement? 4 A. Here we go. 5 Q. Do you remember looking at that? 6 A. Yes, I do. 7 Q. Okay. If you turn to the second page, 8 Paragraph 3, paragraph identified as purpose, do you 9 see that? 10 A. Uh-hum. Yes. 11 Q. And the purpose, it begins, the purpose of 12 the Joint Venture is to hold, et cetera, and it 13 finishes up with the phrase, and as set forth in the 14 attached schedule -- 15 A. Correct. 16 Q. -- is that correct? Is the schedule 17 attached to that document that you have? 18 A. Umm, not to the document I have, no. 19 Q. Do you remember there being a schedule? 20 A. Yes, there was a very lengthy schedule. 21 Q. Do you know where it is now? 22 A. Uh, I obviously didn't have a copy of it. 23 Perhaps Mike Leonard does. 24 Q. Is this agreement still in existence, as 25 far as you're concerned or no?</p>	<p style="text-align: right;">184</p> <p>1 with the attachments? 2 A. If it is not in the SHE files, as we have 3 discovered and disclosed fully, I would have to say 4 no, apparently I don't. 5 Q. If you turn to the page labeled BLA-3, do 6 you know who drew that diagram? 7 A. Alan Black. 8 Q. Do you know why he drew it? 9 A. Well, I remember sitting in his office with 10 Colin Holloway and myself, it was about 5:30 in the 11 afternoon or it was after they normally closed the 12 shop, we were on the second floor overlooking the 13 railroad tracks that no longer have railroads running 14 on them and we were getting ready to go to the pub 15 because they wanted to snooker me, and they just 16 wanted to quickly sketch out what was going to happen 17 because I was going to be leaving in a couple days 18 and everybody wanted to get a good understanding as 19 to what we were going to do. 20 Uh, and, you know, we were using the back 21 of some of my paper, we were using the front, Alan 22 had some paper and we had a lot of sketches. This is 23 minor compared to what was actually sketched that 24 night. We spent at least two hours in there and then 25 we left to the pub and woke up the next morning with</p>
<p style="text-align: right;">183</p> <p>1 A. If you're asking would I be in a position 2 to want to enforce it, I think it's moot. If you're 3 asking is it in effect in the mind of the third 4 party, that being Mike Leonard, you will have to ask 5 him. 6 Q. Okay. Let me direct your attention to 7 Exhibit 15, if you would. 8 A. Okay. 9 Q. And you remember seeing this, correct? 10 A. That's correct. 11 Q. Do you know where the original to this 12 document is? 13 A. If it is not in here, no, I have no idea. 14 Q. And specifically the second through fourth 15 pages, BLA-2 through BLA-4, same question. Do you 16 know where that is, the original of that document? 17 A. The original of the document? No, I 18 wouldn't. 19 Q. On this document you will see on the bottom 20 begins with the prefix first three letters BLA, 21 correct? 22 A. Correct. 23 Q. That indicates it was from Alan Black? 24 A. Correct. 25 Q. Do you not have a copy of this agreement</p>	<p style="text-align: right;">185</p> <p>1 an awful hangover. They drink their beer hot and 2 it's very potent. 3 Q. If you look at BLA-4, do you see that on 4 the next page? 5 A. I've got that page. 6 Q. Okay. When was that drawn? 7 A. Same day. 8 Q. Same day. Why is it drawn on a different 9 paper, do you know? 10 A. Like I said, we were kind of drawing on the 11 back of documents I had delivered to him and this was 12 probably a blank page out of my stuff that I took 13 with me or it might have been just a back page or 14 something. Like I say, I mean, we basically were 15 writing on everything. I mean, I remember these 16 items specifically. Did I take a copy away with me, 17 I don't believe I did. I don't believe he ever sent 18 me a copy. 19 Q. And the documents, at least BLA-2 says 20th 20 day of 1988, right? 21 A. Right, under general agreement, yes, dated 22 this 20th day of 1988 by and between, right. 23 Q. But it wasn't the 20th day. Didn't you 24 testify earlier that that's not accurate? 25 A. No, that's accurate on this.</p>

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<p style="text-align: right;">186</p> <p>1 Q. It was January 20th, 1988?</p> <p>2 A. No, you're referring to a different</p> <p>3 document.</p> <p>4 Q. Is the 20th day of 1988? Is that an</p> <p>5 accurate date that this agreement was made?</p> <p>6 A. Yes.</p> <p>7 Q. Okay. January 20th, 1988?</p> <p>8 A. Uh, no, it says 20th day of 1988.</p> <p>9 Q. Yeah.</p> <p>10 A. Right.</p> <p>11 Q. Does that mean January 20th, 1988?</p> <p>12 A. January 20th?</p> <p>13 Q. That would be the 20th day of 1988,</p> <p>14 wouldn't it?</p> <p>15 A. Looking at these documents, I would have to</p> <p>16 say it was most likely the 20th day of April. It's a</p> <p>17 shame that we missed that effort. I would have to</p> <p>18 say based upon this cover letter that it was probably</p> <p>19 the 20th -- see, this letter came over, he asked for</p> <p>20 exclusivity and I think it was sent over and I think</p> <p>21 if you have the bottom -- see, the problem is they</p> <p>22 used to send stuff on their size paper, which is</p> <p>23 longer than ours and anything that was ever at the</p> <p>24 bottom of their page or at the top, depending upon</p> <p>25 where I started the copying from or it was</p>	<p style="text-align: right;">188</p> <p>1 Q. So do you know when this agreement was</p> <p>2 actually entered into?</p> <p>3 A. On the 20th day of some month.</p> <p>4 Q. Was this agreement intended to be kept</p> <p>5 confidential?</p> <p>6 A. Originally.</p> <p>7 Q. Did you keep it confidential?</p> <p>8 A. I didn't publicize it.</p> <p>9 Q. Did -- on the first page of the agreement</p> <p>10 itself, the BLA-2, Paragraph 9, mentions a refund.</p> <p>11 Was a refund ever asked for?</p> <p>12 A. No refund was requested. I performed as</p> <p>13 offered, I never maintained nor suggested that I had</p> <p>14 anything to do with licensing or the involvement</p> <p>15 there in as far as music rights.</p> <p>16 Q. If you look at BLA-4 in the -- one of the</p> <p>17 boxes includes a reference to Delanco Spry, do you</p> <p>18 see that?</p> <p>19 A. Delanco Spry. But it says Delanco Spry,</p> <p>20 but it's really -- Delanco Spry, they are in Boston.</p> <p>21 Q. And how did you -- why is that referenced</p> <p>22 there?</p> <p>23 A. Because that was the new DSB board we were</p> <p>24 going to use.</p> <p>25 Q. How did you happen to choose that one?</p>
<p style="text-align: right;">187</p> <p>1 transmitted on the fax, you always lost it.</p> <p>2 So my only guess would be that he probably</p> <p>3 sent this over and then when I took my package back</p> <p>4 with me, we started making these notations, because</p> <p>5 he paid for my trip right away to come over. When I</p> <p>6 contacted him, there was no problem, he was ready to</p> <p>7 go right then and there. He arranged for the</p> <p>8 immediate communications and everything. That's why</p> <p>9 Colin Holloway came in and the whole nine yards.</p> <p>10 In fact, I believe if you check this, get</p> <p>11 the original, that's probably Colin Holloway's</p> <p>12 signature. And I think Colin took this back with</p> <p>13 him.</p> <p>14 Q. So Colin Holloway met you here?</p> <p>15 A. Oh, he met me here. That was the first</p> <p>16 meeting. He was already in Miami on vacation when</p> <p>17 Alan got ahold of him.</p> <p>18 Q. Let me show you what appears designated</p> <p>19 SHE-297. Do you see that? Does that appear to be</p> <p>20 the same document, only not truncated?</p> <p>21 A. Looks like A.J. Black without the</p> <p>22 truncation, so apparently it was Alan's signature.</p> <p>23 Q. So it would have to have been in England?</p> <p>24 A. Right, this would have had -- it occurred</p> <p>25 in England.</p>	<p style="text-align: right;">189</p> <p>1 A. Uh, this is part of my continuing research</p> <p>2 on -- they had it -- after compression technology</p> <p>3 associated with their board, it was starting to solve</p> <p>4 some of the problems we had. This board had</p> <p>5 proprietary compression/decompression algorithms</p> <p>6 built into it.</p> <p>7 Q. Let me show you some documents that have</p> <p>8 been marked with designations at the bottom SHE-162</p> <p>9 through 172 and ask you to just take a look at that,</p> <p>10 see if you recognize those?</p> <p>11 A. Well, that was -- oh, Washington, D.C.</p> <p>12 Sorry about that. That's Delanco Spry.</p> <p>13 Umm, these are my notes about the file</p> <p>14 size. I think Dave Langlin was my contact person,</p> <p>15 \$1,200 a piece for the cards, they were using</p> <p>16 differential PCM, which stands for Differential Pulse</p> <p>17 Code Modulations, 202 would have been Washington and</p> <p>18 that was their phone number. Then, of course --</p> <p>19 Q. You don't have to go through every page, I</p> <p>20 just want to know have you seen this before, this</p> <p>21 document?</p> <p>22 A. Sure, long time ago.</p> <p>23 Q. Just do you remember if this was sent to</p> <p>24 you from Delanco Spry by your contact?</p> <p>25 A. I purchased it from Delanco Spry.</p>

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<p style="text-align: right;">190</p> <p>1 Q. The date on the stamp first page SHE-162 is 2 June 28th, correct? 3 A. That is correct. 4 Q. And you could turn to SHE-170. See the 5 purchase order? The date is 6/29/88, correct? 6 A. Correct. 7 Q. Okay. Now your reference in the drawing at 8 BLA-4 references Delanco Spry. Do you know if you 9 had intended to include Delanco Spry in the reference 10 on BLA-4 before or after you got the -- or received 11 this Delanco Spry documentation? 12 A. No, actually what I intended to do was to 13 include it when I got back as an adjunct to the 14 development. We were going to upgrade to the Delanco 15 Spry, I didn't physically have the board with me at 16 the time and that was the shipment of that computer 17 with the Delanco Spry in it after I got back. 18 Q. And if you look at the document labeled 19 BLA-4 on the lower -- it's the diagram, again, on 20 your letterhead and towards the bottom left there's 21 an RUC and it's with a line through it and it's 22 scribbled out. It's Exhibit 15. 23 A. Okay. 24 Q. Of the fourth or fifth page in. 25 A. Which -- okay, BLA-4, go ahead.</p>	<p style="text-align: right;">192</p> <p>1 correct? 2 A. Mike Leonard did. 3 Q. Mike Leonard did that. You had disclosure 4 agreements to people who you provided information to 5 the company, correct? 6 A. Well, I usually did. 7 Q. That was the general practice, correct? 8 A. That was the general practice I adhered to. 9 Q. Let me show you -- 10 MR. MURPHY: I will mark this as an 11 exhibit. This will be 26, I believe. 12 (Thereupon, Sheedy Exhibit Number 26 was 13 marked for Identification by the reporter.) 14 Q. (By Mr. Murphy) What did you do with the 15 Delanco Spry? 16 A. Nothing. 17 Q. Exhibit 26 is a group of documents, 18 SCH-652, LEO-1376, 77, 79 and 78 and ask you to take 19 a look at those, ask you if you've seen those before 20 today? 21 A. This looks like my standard non-disclosure 22 and disclaimer about solicitation, you know, 23 following most of the CYA type things. I am not sure 24 who Wicker is, Michael Krebsler was one of the gold 25 dust twins, Michael Spilas was the other gold dust</p>
<p style="text-align: right;">191</p> <p>1 Q. Yeah. I just want to know what the diagram 2 in the lower left represents that's labeled RUC. 3 There's a box and a line scribbled through -- 4 A. Well, he labeled it RUC. Me, I would have 5 labeled it RCV, R standing for receiver. Basically 6 it would be a video receiver that under control of 7 the computer would forward at the idle state video 8 information on to all the screens. 9 Q. And what's next to it is MK6. What does 10 that stand for? 11 A. Their -- that was their monitor that they 12 had selected. I don't know who manufactured it. It 13 was a 25-inch monitor. 14 Q. And at the top CSA, is that what that says, 15 monitor? 16 A. CSA Monitor. 17 Q. What does that stand for? 18 A. That was the central juke box monitor. The 19 one that was physically on the juke box. I think 20 that stands for CGA. 21 Q. Okay. And at some point you incorporated a 22 company called Micsean with Mike Leonard, correct? 23 A. Absolutely. Exhibit 13. 24 Q. Right. And through Micsean you solicited 25 investors and other money to develop the company,</p>	<p style="text-align: right;">193</p> <p>1 twin, Mike Leonard. I know there's, what, Leroy -- 2 Q. 1379, I believe, is Lorenz. 3 A. Lorenz, I am not absolutely sure of that. 4 It says Toledo, Ohio but -- oh, okay, Pennsylvania. 5 Yeah, Mike Lorenz. And then there's a blank at the 6 end, nobody signed it. However, I do note that with 7 the exception of a couple of these, with the 8 exception of three of these, they don't contain a 9 date. 10 Q. Okay. Now you testified that you were 11 working in cooperation with Gemco, is that right? 12 A. I wouldn't want to determine it that. I 13 would say that they were supplying the capital for 14 Premiere Digital at the time back when the DAB was in 15 effect. 16 Q. And at some point Gemco turned you and Mike 17 Leonard down, correct? 18 A. No, they went broke. 19 Q. Let me show you what has been marked with 20 SCH-676 and 677 and ask you if you've seen that? Can 21 you browse it, just tell me -- let me know if you've 22 seen it before today? And if you notice, you're cc'd 23 on the second page. 24 A. It certainly has some very strong content. 25 It shows it was cc'd to me. This is an interesting</p>

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1 letter. I'm afraid other than today, I have not seen
 2 this.
 3 Q. So was that -- you don't believe it has
 4 been cc'd to you, then, as the letter states?
 5 A. I have no way to disprove it. I have no --
 6 I mean, this is the typical and would have been the
 7 mind set of these guys at this point. When their
 8 pyramid was collapsing, everybody was their enemy.
 9 They hated everybody and anything because everybody
 10 was at fault except them. I didn't even know Mike
 11 had approached them. Maybe he had.

12 Q. Does that change your opinions about what
 13 happened with the Gemco relationship?

14 A. No, because we actually had not received
 15 much funding after probably -- well, you would have
 16 to check with Bobby Lord, but my impression, it was
 17 in June when Bobby Lord was paying all the bills.

18 Q. Now in 1988, '89 do you know what -- were
 19 other people working on a digital juke box, that you
 20 know?

21 A. Well, it was interesting how many people
 22 made statements to people like Alan Black and Mike
 23 Leonard about how it was easy to do and they couldn't
 24 understand how anybody could get a patent on it. Had
 25 anybody produced a box, not to my knowledge.

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1 ran up against the ASCAP, BMI, SECAM issue, the
 2 licensing problem.

3 And I'm sure they went back to their
 4 lawyers who said, well, guys, you know, gee, there's
 5 a legal point here so I don't know, I'd recommend you
 6 don't do it. So that would scare any investor away
 7 instead of saying, fine, let them sue us later and
 8 we'll fight it out in court. It just kind of died.

9 Q. To your knowledge, has anybody produced a
 10 digital juke box?

11 A. Well, obviously from all of this
 12 controversy going on here, it's my impression, I've
 13 not seen a juke box, I've not seen any literature on
 14 it, that Touchtunes did it. It appears to be a claim
 15 of Acranid, whatever the name of the company is,
 16 Acrim --

17 Q. Arachnid.

18 A. Arachnid. It appears to be a claim that
 19 they imagined this thing and I've never known of any
 20 juke box to be actually placed out there that meets
 21 any specifications. I presume Touchtunes did do it
 22 because apparently that's why they're being sued, I
 23 guess. I don't know. I've never seen a box out
 24 there. My answer is no, I know of no box out there.

25 Q. Were you in '89, '88 to 1990, were you --

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1 Q. Who was saying what to whom?

2 A. Oh, there were, you know, when I would talk
 3 to Mike Leonard or I would talk to Alan Black, it
 4 would always come up, well, we've had conversation
 5 with some other people and they say there's nothing
 6 unique about this, it could very easily be done. You
 7 know, you know how people try to destroy the
 8 uniqueness of an item.

9 Q. Sure.

10 A. And so basically this is the kind of
 11 offhand conversations that would probably be made to
 12 try and upset relationships to get the upper hand for
 13 wedging it. And basically, you know, they would
 14 refer some of this back to me, I would refer some of
 15 the conversations I had heard. None of them in
 16 particular were reduced to a physical item, to my
 17 knowledge. At least not for a couple of years.

18 Q. Is that -- it sounds a little bit like what
 19 you're saying today is that back in -- back in that
 20 time frame, everybody knew how to do it?

21 A. Essentially anybody really who had any
 22 reasonable computer experience -- at that point there
 23 was no mystery to it and I think what happened was
 24 nobody, even British EMI was not going to get into it
 25 who was interested in funding Alan, because we all

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1 you were involved with other people working on
 2 computer product development, right?

3 A. Oh, I always was.

4 Q. Okay. What would you consider yourself in
 5 '88 to 1990 time frame an expert of the ordinary
 6 skill in the art field?

7 A. I would like counsel to define that before
 8 I trap myself.

9 Q. Well --

10 A. I am not an expert. I don't like the word
 11 expert, so obviously I am deferring to your
 12 explanation of what is ordinary.

13 Q. Well, I guess that I am not in the field
 14 and you are, you have been and so what I want to know
 15 is, what -- do you have an understanding what
 16 somebody of ordinary skill in the art of that time
 17 frame, what type of experience or education that
 18 person may have had? If you don't have an
 19 understanding, that's fine, I just want to know if
 20 you do.

21 A. I understand it quite in-depth. I do not
 22 practice it as such. I don't have the patience to be
 23 a full-time programmer, but I can outline what I want
 24 contract programmers who love to sit in cubicles and
 25 look at walls to do and I can review their work and

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<p style="text-align: right;">198</p> <p>1 know where the errors are and make suggestions, 2 corrections, or direct their work. 3 Q. So if you're able to direct someone's work 4 in that field, would you be above the ordinary skill 5 of most people, do you think? 6 A. Again, I don't know what an ordinary person 7 would be. I've met some nine year olds who can run 8 circles around me. 9 Q. So it's difficult to define? 10 A. Absolutely impossible to define. When you 11 have a 14 year old kid that can penetrate the 12 penthouse's highest level security system and post 13 nasty messages to the president of the United States, 14 is that ordinary? 15 Q. That's a good question. 16 A. Okay. That's my difficulty. 17 Q. One thing I'm getting at is, with all that 18 going on and you have these kids who are computer 19 geniuses, do you know why more people haven't 20 developed computer juke boxes? 21 A. Because of the interference from ASCAP, BMI 22 and SECAM. 23 Q. Is that your opinion or is that something 24 you -- 25 A. That's my firsthand knowledge.</p>	<p style="text-align: right;">200</p> <p>1 now that I need to ask, and they relate to things 2 that have happened in your life back in the early 3 '80s, and let me mark as an exhibit, this is -- we 4 are on 27? You can view that. 5 (Thereupon, Sheedy Exhibit Number 27 was 6 marked for Identification by the reporter.) 7 THE WITNESS: That's the Palm Beach 8 Post? 9 Q. (By Mr. Murphy) Right. 10 A. Martin County Final Edition, says it has 11 572 pages, April 24th, '88. 12 Q. Right. Have you seen that before? 13 A. Oh, yeah. I actually had a copy of it back 14 then. 15 Q. Let's make that 27-A, because I have 16 another correspondence. And let me mark as -- show 17 you what I will mark as 27-B, it's the -- just let 18 you know, it's the same article just reduced down for 19 convenience. 20 And if you look at 27-A, that's an article 21 about you, correct? 22 A. Uh-hum. 23 Q. On the left-hand side it has genius profits 24 on charm? 25 A. It was some yellow journalism used by the</p>
<p style="text-align: right;">199</p> <p>1 Q. And that's -- is that why you didn't do it? 2 A. I abandoned it for that reason. 3 Q. Do you have any firsthand knowledge of 4 anyone else who abandoned that idea for that reason? 5 A. Bobby Lord, Mike Leonard, Alan Black, Colin 6 Holloway, Seeburg, Rowe. 7 Q. You have firsthand knowledge of that? 8 A. Yes, they told me specifically that that's 9 why they were not interested. You could make a phone 10 call today or the date of the trial, if it goes to 11 trial, and they will tell you the same thing. That 12 was the stumbling block. 13 Q. Okay. You mentioned that you sold certain 14 products or systems to radio stations, correct? 15 A. Premiere Digital did. 16 Q. Premium Digital? 17 A. Right, which I was a member of that 18 corporation. 19 Q. You are an employee? 20 A. No, I was vice-president of that 21 corporation. Vice-president of engineering. I'm 22 always an independent contractor. 23 Q. Why is that? 24 A. If I don't like the deal, I walk out. 25 Q. I have some general background questions</p>	<p style="text-align: right;">201</p> <p>1 Post to sell the paper. I was quite impressed with 2 how they managed to deal with it. 3 Q. Okay. And it says in the article that you 4 were the corporate director of Nikon, Panasonic, 5 Sony, Sanyo, Suzuki, Radio Shack, Diners Club, 6 Mastercard -- 7 A. Let me make it easy for you. Ninety-seven 8 corporations, all major names. 9 Q. And tell me how that happened? 10 A. I was getting sued by vendors in the name 11 of SDS Communications, which I had filed with the 12 State of Florida and Tallahassee as a corporation. 13 At the time, the State of Florida had a very archaic 14 way of dealing with corporation trade names. 15 Basically if you filed in Tallahassee, it did not 16 protect you in each and every county with operating 17 under a trade name of identical or similar name. 18 There were some people in Tampa that had 19 set up a telephone communications company and 20 apparently ran up some phenomenal bills, apparently 21 some they paid, a lot they didn't. And I guess when 22 people went to Tallahassee to find out who owned the 23 company, the corporation name popped up and I started 24 getting served. 25 I contacted the State of Florida and asked</p>

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<p style="text-align: center;">202</p> <p>1 them why my name had not been protected, and they, of 2 course, immediately told me it wasn't their problem, 3 it was mine to protect it in each jurisdiction, so I 4 basically told them in no uncertain terms, screw you. 5 And for \$5 a name, I registered 97 corporations with 6 the intent to embarrass the State of Florida by 7 causing these corporations, when you sent them 8 letters, to cease and assist operation with the State 9 of Florida under my name hoping that they would 10 create a lot of pressure on the State of Florida, 11 which that did happen. It created a lot of havoc. I 12 turned most of the legal system on its ear.</p> <p>13 As a matter of fact, it went from 14 registering corporations at \$5 to \$240 within one 15 year to try and slow the practice down. Then there 16 was -- I had two transactions, one in the name of 17 Mastercard International, which was my corporation, 18 and another transaction in Tandy Corporation, which 19 was also my corporation here in the State of Florida. 20 And I had bought some goods from a couple of 21 suppliers under those names.</p> <p>22 And I let them get to the point of whining. 23 Well, of course, they complained to the main head 24 office of nonpayment of bills. Well, that would be 25 Tandy in Ft. Worth, Texas, who said they didn't know</p>	<p style="text-align: center;">204</p> <p>1 own, incorporated these things.</p> <p>2 I didn't know at the time Ed Kuhnel was 3 also a contract attorney with our local states 4 attorney's office who had to defer prosecution on me. 5 First of all, Bludworth went to school with me and 6 then, secondly, Ed Kuhnel was his right hand 7 investigator, so they had to turn it down to Janet 8 Reno.</p> <p>9 Q. And the newspaper -- let me also show you 10 what we'll mark as 28-A. If you look at 27-B, the 11 second page, do you have that?</p> <p>12 I am going to refer to 27-B, if you would, 13 which is right in front of you.</p> <p>14 A. Okay.</p> <p>15 Q. If you look at -- towards the bottom of the 16 page, third paragraph up it references Sheedy 17 attended law school, sold wind mills in New 18 Hampshire and amassed an arrest record for crimes 19 ranging from wiretapping to forgery. Is that 20 accurate?</p> <p>21 A. No.</p> <p>22 Q. What's inaccurate about that?</p> <p>23 A. The entire statement, basically. There 24 were many attempts to prosecute me for that, but they 25 all failed.</p>
<p style="text-align: center;">203</p> <p>1 anything about a Sean Sheedy in Tandy Corporation in 2 Florida. And, of course, Mastercard International 3 blew its cork and they put a lot of pressure on the 4 attorney general's office and also, too, of course, 5 the local constabulary over here as well. And we 6 went to court, they -- this is the first and last 7 time I ever hired an attorney to represent me.</p> <p>8 They found me guilty and then they withheld 9 adjudication, cause the judge said in a statement in 10 court that he didn't believe I had done anything 11 wrong, but since the jury found me guilty, if I'd 12 simply pay the amounts owed, there would be no 13 adjudication, there would be a withhold and as soon 14 as it was paid, that was the end of the so-called 15 probation, which it was done the next day and that 16 was the end of the story.</p> <p>17 Q. And what happened with there was a man 18 named Ed Kuhnel in the states attorney's office, what 19 happened with that?</p> <p>20 A. He got kind of caught in the middle of it. 21 Ed Kuhnel and I were in the process of incorporating 22 names. His wife incorporated a lot of hotels and 23 motel names, such as Servico International, Holiday 24 Inn, things like that, and basically he showed me how 25 you go about these masking corporations and I, on my</p>	<p style="text-align: center;">205</p> <p>1 Q. Well, it says an arrest record.</p> <p>2 A. Sure.</p> <p>3 Q. So you were arrested for those things?</p> <p>4 A. Absolutely, but not convicted.</p> <p>5 Q. And why were you arrested for forgery?</p> <p>6 A. Uh, they tried to say that I made a payment 7 on a NSF account and that's what they charged it, and 8 later when it was found out that I was one of the 9 signators on the account, they had to change it to 10 straight NSF. Then when they couldn't prove that I 11 knew it was insufficient at the time, they had to 12 drop the case.</p> <p>13 Q. Where was that, in New Hampshire somewhere?</p> <p>14 A. New Hampshire.</p> <p>15 Q. What county was that, do you remember?</p> <p>16 A. I think it was Merrimack County.</p> <p>17 Q. And what about wiretapping, what was that 18 about?</p> <p>19 A. That was another joke by Don Glennon. 20 Basically what it was, I had a two-way radio dispatch 21 company in Concord, New Hampshire on Water Street and 22 I recorded all conversations that went over the 23 telephone lines and all conversations that went over 24 the two-way radio.</p> <p>25 My former partner and I got in a big fight,</p>

<p style="text-align: right;">206</p> <p>1 he changed all the locks and locked me out. Then 2 trying to put pressure on me, called the Concord 3 police department and said, we've discovered 4 Mr. Sheedy has recording equipment in his office and 5 he's been recording in violation of the New Hampshire 6 law all conversations on the phone lines and the 7 two-way radio. And he promoted the Concord police 8 department to arrest me. 9 Well, they had a little bit of a problem. 10 You see, I had a letter on file from the Public 11 Service Commission stating that they recognized me as 12 a dispatch service and, therefore, felt that I had 13 the waiver under the New Hampshire statutes to record 14 all business communications that transpired over the 15 radio and telephony in conjunction with the dispatch 16 service and, therefore, my operation subsequent to 17 that letter was legal and it blew up on them. And as 18 a matter of fact, I think you remember the name David 19 Suiter. 20 Q. Sure. 21 A. Okay. He got pie in his face from me. He 22 lost his so-called conviction against me. It got 23 thrown right back at him by the district court of 24 appeal who told him he was an idiot, that he should 25 have listened to the evidence.</p>	<p style="text-align: right;">208</p> <p>1 hearing. 2 Q. So no conviction was ever entered? 3 A. I have no idea. No recollection of it. 4 Let's put it like this, I passed my background check 5 here in the State of Florida for concealed weapons 6 permit, so obviously I have no convictions. 7 Q. Well, I don't know about obviously. 8 A. Well, hey -- 9 Q. Unless you know that law, you wouldn't know 10 that, would you? 11 A. Oh, yes, I know that law very well. 12 Q. The next paragraph in 27-B in the -- 13 towards the bottom of the paragraph says, he sued a 14 judge for incompetence. 15 A. Uh-hum. 16 Q. Did you do that? 17 A. Sure did. 18 Q. Who was the judge? 19 A. He is retired now. It was Judge Parker. 20 Q. And also says he sued the City of West Palm 21 Beach for harassment. What was that about? 22 A. Uh, they agreed to close their file, shut 23 their mouth and go away and I said fine. There was 24 no way I was going to collect money damages, I just 25 wanted to teach them, you want to play with me, I</p>
<p style="text-align: right;">207</p> <p>1 Q. So there was a trial in the wiretapping 2 charge -- 3 A. Uh-hum. 4 Q. -- convicted at the trial? 5 A. And I appealed and it was reversed and it 6 was dropped by the State because they realize they 7 were idiots. 8 Q. How about the forgery, did that go to 9 trial? 10 A. Uh, we had a lot of preliminary hearings, I 11 don't know what happened with that other than the 12 fact it was finally totally dismissed. I have no 13 idea if that was one that went to trial or not. They 14 have three checks that they went on. I have no idea. 15 Q. But you don't remember a trial at all? 16 A. No, not really. 17 Q. Was there any sort of legal repercussions 18 based on that charge? 19 A. What do you mean by legal repercussions? 20 Q. Was there any -- after the arrest, was the 21 whole matter officially dropped, was it still 22 pending, do you know? 23 A. Well, you had to go through preliminary 24 court hearings and stuff, but you had three levels in 25 the State of New Hampshire before you even got to a</p>	<p style="text-align: right;">209</p> <p>1 will play with you. I am not afraid of you. 2 Q. And you entered into some sort of 3 agreement? 4 A. Yes, at the close. 5 Q. It's a confidential agreement? 6 A. I am not allowed to discuss it. 7 Q. You didn't get anything from it, though? 8 A. Money? No, uh-hum. Little satisfaction of 9 kick them in the butt. 10 Q. And according to the article, it goes on -- 11 A. Now are we -- let me ask you a question 12 here. Are you stipulating to the record that this is 13 an accurate background rendering of myself? 14 Q. I am asking you, that's why I want to 15 get -- I want to know what's accurate. 16 It says in the record that -- excuse me, it 17 says in this article 27-B -- 18 A. That's better. 19 Q. -- that you received computer products by 20 giving the name of these corporations that people 21 assume or other corporations and on the basis of that 22 and their reputation, you received credit? 23 A. No, that is -- that is their claim, it 24 never panned out that way. 25 Q. Okay. That's what I'm getting at.</p>

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1 A. That was their claim. It did not evolve
 2 that way when you got finished depositing all the
 3 witnesses. They said -- no, they actually -- I never
 4 represented myself as being the well-known
 5 corporations, but I did represent myself as whatever
 6 corporation I was dealing with them under as the
 7 corporation, which I was, remember, legally licensed
 8 by the State of Florida to operate as such.

9 Q. And in the bottom of the -- on the second
 10 page of 27-B at the bottom, the headline, Tip-off
 11 Suspected, it says, just weeks before his arrest,
 12 Sheedy suddenly began paying for some of the items.
 13 Do you see that?

14 A. I see that, I don't remember doing it.

15 Q. In the article it says that Ed Kuhnel
 16 tipped you off, so to speak.

17 A. He never did.

18 Q. He didn't mention anything about any
 19 investigation?

20 A. Nope. Palm Beach police department was
 21 pretty good at dreaming things up. They are
 22 well-known in this area for that.

23 Q. So as far as you're concerned, you didn't
 24 do anything wrong?

25 A. I did absolutely nothing wrong. I was

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1 that says nolo contendere, do you see that?

2 A. Yes, check mark, I mean X'd.

3 Q. Right, as charged in amended info, period,
 4 do you see that?

5 A. I see that.

6 Q. And what that means is you pled nolo
 7 contendere to grand theft in the second degree, is
 8 that right?

9 A. Correct.

10 Q. Why did you plead nolo contendere if you
 11 believed you did nothing wrong?

12 A. It was cheaper to get rid of this and stop
 13 the milking by the attorney. And besides, if you'll
 14 notice, they reduced 62 counts, because they couldn't
 15 prove anything, down to a negotiated second degree
 16 nolo. And you will also note, counsel, that below
 17 your note of nolo contendere is adjudication and
 18 sentence withheld. You will also go further down on
 19 the page, to show you how serious the Court held this
 20 item, item number four, they obviously considered me
 21 a real risk and real problem because they gave me
 22 carte blanche to go anywhere I wanted.

23 You will also note it says I will pay back
 24 \$4,458 restitution, which was done and case to be
 25 reviewed after three years for consideration of early

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1 permitted by the State of Florida to operate certain
 2 corporations and businesses, and I did so. Obviously
 3 with an ulterior motive to offend the State of
 4 Florida, which I successfully did.

5 MR. MURPHY: All right. Let me show
 6 you what I'll mark as Sheedy Exhibit 29.

7 (Thereupon, Sheedy Exhibit Number 29 was
 8 marked for Identification by the reporter.)

9 Q. (By Mr. Murphy) Ask you to take a look at
 10 that, if you would. Let me know after you've
 11 reviewed it, if you've seen that before?

12 A. I know where it emanated from, but as far
 13 as seeing this physical document, no.

14 Q. Where did it emanate from?

15 A. The records from the court.

16 Q. Okay. And if you look down towards the
 17 bottom of the top third of the page and -- first, let
 18 me ask you this.

19 At the top left corner it says State of
 20 Florida versus Sean David Sheedy, do you see that?

21 A. I see that.

22 Q. Does that refer to you?

23 A. Yes.

24 Q. Okay. Below that, you go straight down,
 25 there's some scribbled marks, then to the right of

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1 termination, and it was terminated successfully and
 2 nobody complained. And I am still without any
 3 sentence.

4 Q. Okay. But you made restitution, 4,458,
 5 correct?

6 A. I paid for the material I actually
 7 received. See, in the beginning there was no reason
 8 to pay somebody who was going to force it to trial.
 9 They'd already made their complaint, so that's why I
 10 refused to pay anybody until the end of the hearing.

11 Q. Okay.

12 MR. MURPHY: Let me show you what I'll
 13 mark as Sheedy Exhibit 30.

14 (Thereupon, Sheedy Exhibit Number 30 was
 15 marked for Identification by the reporter.)

16 Q. (By Mr. Murphy) And ask you to look at
 17 Exhibit 30, if you would, please. After you reviewed
 18 that, let me know if you've seen that?

19 A. Right, I originally saw this.

20 Q. Okay. And again, it's captioned State of
 21 Florida versus Sean David Sheedy, do you see that?

22 A. Uh-hum.

23 Q. That's you, correct?

24 A. Correct.

25 Q. And this states that you have entered into

<p style="text-align: right;">214</p> <p>1 a plea of nolo contendere to a defense of grand 2 theft, second degree; correct?</p> <p>3 A. Absolutely..</p> <p>4 Q. Okay. The next paragraph down reads, it 5 appearing to the satisfaction of the Court that you 6 are not likely again to engage in a criminal course 7 of conduct, et cetera, do you see that?</p> <p>8 A. I see that wording.</p> <p>9 Q. It continues on, and that the ends of 10 justice and the welfare of society do not require 11 that you should presently be adjudged guilty and 12 suffer a penalty, et cetera, do you see that?</p> <p>13 A. Uh-hum.</p> <p>14 Q. Okay. Do you know why it would say you are 15 not likely again to engage in criminal course of 16 conduct if they determined you did nothing wrong?</p> <p>17 A. Because -- most likely because they felt I 18 didn't engage in it in the beginning, but since I 19 pled, they go forward with the normal disposal of the 20 case. Have you ever been a criminal lawyer?</p> <p>21 Q. I haven't, no.</p> <p>22 A. Okay.</p> <p>23 Q. And is this -- it says on the bottom of the 24 first page of Exhibit 30, Paragraph 10, see attached 25 plea agreement, correct?</p>	<p style="text-align: right;">216</p> <p>1 investigation leading to this plea agreement?</p> <p>2 A. God only knows, I probably have been 3 convicted by every agency that's in existence. I 4 publish a lot of interesting articles.</p> <p>5 Q. Any investigations that you know about?</p> <p>6 A. Investigations I know about? I know I was 7 interviewed by the FBI for articles that I wrote that 8 appeared in three different survival magazines 9 contemplating the dangers of chemical infusion into 10 commercial water supplies and how to protect against 11 it. They wanted to know if I was involved in any 12 terrorist group and the gentleman that interviewed me 13 is now our sheriff and he knew me ever since I was a 14 kid, but, hey, you know, somebody sent down a request 15 to check this guy out, is he a nut case or not, so 16 they sent somebody over who spent five minutes with 17 me then and walked off.</p> <p>18 He did turn down my offer of a coke, so I 19 didn't bribe him. I currently work with three 20 different law enforcement agencies on some new 21 devices that they are going to be using.</p> <p>22 Q. So you have become a friend of the law 23 enforcement?</p> <p>24 A. No, no, I am not an FOL, a friend of law. 25 It's strictly a business opportunity for all sides</p>
<p style="text-align: right;">215</p> <p>1 A. Correct.</p> <p>2 Q. Is that -- that plea agreement's not here, 3 though, right?</p> <p>4 A. That's it, what you're looking at.</p> <p>5 Q. That's the entire thing?</p> <p>6 A. Uh-hum. That was it.</p> <p>7 Q. There was not a separate agreement you 8 entered into?</p> <p>9 A. No.</p> <p>10 Q. And is this -- this document stipulates 11 that you are on probation for a certain period of 12 time, is that correct?</p> <p>13 A. That is correct.</p> <p>14 Q. Did you fulfill your probation obligations?</p> <p>15 A. Must have, I was discharged.</p> <p>16 Q. When were you discharged?</p> <p>17 A. I don't know. You've got all the records.</p> <p>18 This is sometime back, so I don't really remember.</p> <p>19 Q. Do you remember how that came to be that 20 you were discharged?</p> <p>21 A. The attorney that originally filed this 22 took the documents, went to court, somebody rubber 23 stamped it, that was the end of the story. I wasn't 24 even there.</p> <p>25 Q. Have you ever been convicted since the</p>	<p style="text-align: right;">217</p> <p>1 and solves problems involving drunk driving and other 2 aspects. Law enforcement is not my enemy and I am 3 not their enemy. Each plays their game and we go 4 forward. That's what keeps you guys in business. If 5 you didn't have people like me out there, you would 6 be out of business.</p> <p>7 Q. Seems like an X file fan to me.</p> <p>8 A. Some of those are enjoyable.</p> <p>9 MR. MURPHY: If you give me about ten 10 minutes, Jeff, I will probably wrap this up, 11 just to look through everything, if that's 12 okay with you?</p> <p>13 MR. NELSON: Yep. (Thereupon, a brief recess was taken.)</p> <p>15 MR. MURPHY: I have no further 16 questions. Subject to further maybe 17 documents or anything being produced, we 18 have no further questions at this time.</p> <p>19 REDIRECT EXAMINATION</p> <p>20 Q. (By Mr. Nelson) Mr. Sheedy, the last 21 couple of exhibits, the newspaper articles and the 22 court documents, do they reflect any conviction for 23 lying under oath?</p> <p>24 A. Absolutely not.</p> <p>25 Q. Have you ever been convicted of not telling</p>

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1 the truth?
 2 A. No, I have never been.
 3 Q. Have you ever been convicted of fraud?
 4 A. No, I've never been convicted of fraud.
 5 Q. Do any of the things that you are alleged
 6 to have done in these newspaper articles have
 7 anything at all to do with your digital audio
 8 production system or the digital juke box?
 9 A. None whatsoever.
 10 Q. Were any of the people mentioned in these
 11 newspaper articles or in the court filings and the --
 12 that are identified in Sheedy Exhibit 27 through the
 13 last exhibit --
 14 A. 30.
 15 Q. -- 30, were they -- are they any of the
 16 same people that you were working with on your Audio
 17 Broadcast System or digital juke box?
 18 A. Only me, myself and I.
 19 Q. Thank you.
 20 MR. NELSON: No further questions.
 21 MR. MURPHY: No further questions.
 22 THE WITNESS: Waive.
 23 MR. NELSON: I will order this regular
 24 with an original, mini and floppy ASCII
 25 disk.

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1 STIPULATION
 2 It is hereby stipulated by and between
 3 counsel for the respective parties and the witness
 4 that the reading and signing of the foregoing
 5 deposition, and notice of filing be, and the same are
 6 hereby waived.
 7 AND FURTHER DEPONENT SAYETH NAUGHT
 8 + + + +
 9 CERTIFICATE OF OATH
 10 STATE OF FLORIDA) : SS
 11 COUNTY OF PALM BEACH)
 12 I, the undersigned authority, certify that
 13 SEAN D. SHEEDY personally appeared before me and was
 14 duly sworn.
 15 WITNESS my hand and official seal this 4th
 16 day of October, 1999.
 17
 18
 19 Linda P. Aukamp
 20 Commission No.: CC 697954
 21 Notary Public - State of Florida
 22 My Commission Expires: 12-26-01
 23
 24
 25

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1 MR. MURPHY: I will take the same
 2 thing.
 3 (Thereupon, the deposition was concluded at
 4 4:58 p.m.)

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1 REPORTER'S DEPOSITION CERTIFICATE
 2
 3 STATE OF FLORIDA) : SS
 4 COUNTY OF PALM BEACH)
 5 I, LINDA P. AUKAMP, a Registered
 6 Professional Reporter, certify that I was authorized
 7 to and did stenographically report the deposition of
 8 SEAN D. SHEEDY; that a review of the transcript was
 9 not requested; and that the transcript is a true and
 10 complete record of my stenographic notes.
 11 I further certify that I am not a relative,
 12 employee, attorney, or counsel of any of the parties,
 13 nor am I a relative or employee of any of the
 14 parties' attorney or counsel connected with the
 15 action, nor am I financially interested in the
 16 action.
 17
 18 Dated this 4th day of October, 1999.
 19
 20
 21 LINDA P. AUKAMP, RPR
 22
 23
 24
 25

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